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Place:
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Date:
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A counting-house guide containing copies of the chief commercial documents now generally used, together with pro formâ invoices, account sales, etc., and useful business tables and calculations, by W. G. Cordingley ... London, Wilson, 1901.
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Written to take the place of Tate's Counting-house guide.--cf. Pref.

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BUSINESS TABLES AND CALCULATIONS

BY

W. G. CORDINGLEY,

AUTHOR OF "CORDINGLEY'S COMMERCIAL GUIDE," "COMMERCIAL TERMS, PHRASES AND ABBREVIATIONS," "CORDINGLEY'S GUIDE TO THE STOCK EXCHANGE," "CORDINGLEY'S DICTIONARY OF STOCK EXCHANGE TERMS," ETC., ETC.

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PREFACE.

THE publisher of *Tate's Counting-house Guide* has felt that in its present form the book was getting somewhat out of date, and to take its place I have therefore, at his request, written the following *Counting-house Guide* according to the principles and practice now generally followed by the mercantile community here.

One of the chief features of the work is the insertion of copies of the chief documents now used in general commercial transactions, and these, I feel sure, will be found a valuable addition to the book.

In arranging the classification of the various subjects treated, I have consulted *The Merchant's Clerk; The Work of a Bank; Bills, Cheques and I O U's;* and *The Money Market Primer* by the same publisher.

I trust the book will be found to answer its title, and as the information given is written after a long practical acquaintance with all branches of mercantile affairs, I sincerely hope the work will merit the confidence so long enjoyed by the book it is written to replace.

W. G. CORDINGLEY.

September, 1901.

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A COUNTING-HOUSE GUIDE.

CHAPTER I.

Invoices.

An Invoice is a document containing a full description of goods sold, or sent to another for sale, with an account of the charges, if any, that are made to the buyer, or the consignee, as the case may be.

There are three kinds of invoices—Inland Invoices, Foreign Invoices and Consular Invoices, which will be found described separately elsewhere. Besides which there are the Bill Heads used in all retail establishments, as well as by drapers and the like when goods are sold for a cash payment; but, unlike invoices, they only *briefly* describe the goods, whereas an invoice, to be such, should give a full description of each item sold, and where articles are packed, the actual contents and weight of each package should be given.

STATEMENTS.

A Statement is an account of goods owing, and it is either issued to the debtor at regular periods—usually at the end of each month—or is used for each separate transaction, as when goods are sold for cash against documents.

Example of a Statement.

22 ST. ANDREW STREET,
LONDON, E.C., 31*st December*. 1900.

Messrs. BLACK & Co.,
Lombard Street, E.C.

Drs. to PAGE & PRATT.

Fol. 84.

1900. Dec.	5	To Goods - - - - - -	84	10	0
,,	18	,, ,, - - - - - -	16	3	5
,,	21	,, ,, - - - - - -	48	12	9
,,	23	,, ,, - - - - - -	3	5	0
			£152	11	2

The folio No. 84 is the page in Page & Pratt's Account Book.

When a statement is paid, it is usual to enclose with the cheque a printed form as follows, which prevents a letter being written and sent with every payment. In some establishments, where on pay days a hundred or more cheques are sent out at one time, these printed forms are of great value, saving as they do a vast amount of writing.

Example of a Printed Form used when sending out Cheques in Payment of Account.

38 LOMBARD STREET,
LONDON, E.C.....19

Messrs.....

DEAR SIRS,

Herewith we beg to hand you cheque for £ : : in settlement of your account to....., as per statement enclosed. Kindly acknowledge receipt and oblige.

Yours faithfully,

ALFRED BIRD & Co.

DEBIT NOTE.

A Debit Note is used when one party debits another for goods sent back, or for any charge to be made on them, and, of course, the wording of it will vary with each particular case.

Example of a Debit Note.

22 ST. ANDREW STREET,
LONDON, E.C., 1*st January*, 1901.

Mr. J. WHITE & SON,
Cannon Street, E.C.

Drs. to PAGE & PRATT.

Fol. 27.

1900 Jan.	1	To shipping charges and cartage on 6 cases of —— bought of you f.o.b. London.			
		Cartage to Docks - - -		5	0
		Dock charges - - - -		11	6
			£0	16	6

The folio No. 27 is the page in Page & Pratt's Account Book.

It should be noticed that *Invoices* are used for goods, and *Debit Notes* for the charges, etc., on them.

Credit Note.

A Credit Note is used when one party credits another in his books for goods returned, or for any allowance made, and the wording will, of course, depend upon what the credit is for. Credit Notes are usually printed in red ink.

Example of a Credit Note.

22 St. Andrew Street,
London, E.C., 1*st January*, 1901.

Messrs. Black & Co.,
Lombard Street, E.C.

Crs. by PAGE & PRATT.

Fol. 16.

1900 Dec.	8	By allowance on goods invoiced this date as follows :— 1 Case of —— returned as not being of the quality ordered, say 2 cwts. @ 10/- cwt. - -		1	0	0
		Less 5 %			1	0
				£0	19	0

The folio No. 16 is the page in Page & Pratt's Account Books.

Account Current.

An Account Current, or a Statement of Account, is a copy of a person's account as shown in another's ledger; and it is usual with merchants here to charge or allow interest on all moneys paid or received on another's account, the Account Current being made up at regular intervals, or on the termination of any transaction, so that both parties may see the state of their account and pay or receive the difference to regulate it. The interest on each sum is calculated in days at the percentage previously agreed upon.

Example of an Account Current.

ACCOUNT CURRENT.

Messrs. C. J. & Co., Bombay, in account with A. B. & Co.

Interest to .... at per cent.

Dr. *Cr.*

		Days.	Interest.	£ s. d.			Days.	Interest.	£ s. d.

Interest Accounts in Accounts-Current and Balance-Sheets Calculated by Various Methods.

The Interest upon Accounts-Current or Running Accounts, or in Balance-Sheets, is reckoned in various ways, *viz.* :—

1. With respect to the Principals, or the amounts on which the Interest is calculated: in some accounts the Interest is reckoned upon the balances resulting from each operation or variation in the account; but it is the more usual practice to reckon it upon each sum, separately, on each side of the account, placing it in separate columns, and to take the balance of these separate results.

2 and 3. With respect to the time; in most mercantile accounts, it is reckoned in days only, but sometimes it is reckoned in months and days. (*See* Example 2, on page 9.)

4 and 5. When the Interest is reckoned upon the balances, the time is carried forward from one day of taking the balance to the next; but when the Interest is calculated upon the separate debits and credits, the time is commonly reckoned *backwards* from the day of settling the balance (that is the date of the Balance-

Sheet or Account-Current) to each of the days in the account; and, in this case, the Interest on the sums which are due beyond the day of settlement is added to the opposite side of the account, which has the effect of discounting such sums, and rendering them due on the day of the general settlement. Instead of reckoning the Interest backwards, another method of settling accounts reckons the interest *forwards*, from the previous date of settlement of account, and adjusts the balance accordingly. (*See* Example 3, on page 10.)

6. In accounts in which the Interest is reckoned in days; the statements are made out either with the actual amount of the Interest on each sum, or with what are technically called "Interest Numbers," formed from the product of the Principals multiplied by the number of the days, and the balance of the Interest is calculated from the balance of these numbers.

The shillings and pence of the Principal, if over 10s., are generally reckoned as £1 in creating the Interest Numbers.

Example 1: *First Method.*—On the 30th of June, 1887, there was due to me, upon an account, a balance of £1,426 16s. 4d.; since which time I have received and paid the following sums, *viz.*: 10th July, I received £1,000; 18th July, I paid £124 7s. 6d.; 22nd Aug., I received £600; 26th Sept., I paid £200; 18th Oct., I received £400; 24th Nov., I paid £500; 1st Dec., I received £450; and on 11th Dec. I paid £500. It is required to find the balance of this account, *Dr.* or *Cr.*, with Interest at 4 °/₀, made up to 31st Dec., 1887.

1887.	£ s. d.	Days.	*Dr.* Int.	*Cr.* Int.
Dr. June 30	1,426 16 4	10	£1 11 3	
Cr. July 10	1,000 0 0			
Dr.	426 16 4	8	7 6	
Dr. July 18	124 7 6			
Dr.	551 3 10	35	2 2 3	
Cr. Aug. 22	600 0 0			
Cr.	48 16 2	35	...	£ s. d.
Dr. Sept. 26	200 0 0			3 9
Dr.	151 3 10	22	7 3	
Cr. Oct. 18	400 0 0			
Cr.	248 16 2	37	...	1 0 2
Dr. Nov. 24	500 0 0			
Dr.	251 3 10	7	3 10	
Cr. Dec. 1	450 0 0			
Cr.	198 16 2	10	...	4 4
Dr. Dec. 11	500 0 0			
Dr.	301 3 10	20	13 2	
Dr. Interest	3 17 0	to Dec. 31, 1887, Balance		3 17 0
Dr. Balance	£305 0 10	of Acct.	£5 5 3	£5 5 3

Dr. Balance of Account, Dec. 31, 1887, £305 0s. 10d.

In this mode of making out the account a balance is struck at the time of each receipt and payment; then the Interest is calculated upon the preceding amount for the time between the two dates, and the Interest is entered in the proper column according as the balance is *Dr.* or *Cr.* (that is, for or against the party who makes out the account). To make the Interest totals equal an amount must be added to the smaller sum. That amount is the Balance of Interest.

EXAMPLE 2.—*(Second and Fourth Methods combined; with Interest Numbers of Sixth Method.)*

The preceding Account made out in *Dr.* and *Cr.* form.

Messrs. Ward & Co., Liverpool, in Account-Current with James Pearson, London.

December 31, 1887.

Dr.

£ s. d.	1887.	Days.	Int. No.
1,426 16 4	June 30	184	262,568
124 7 6	July 18	166	20,584
200 0 0	Sept. 26	96	19,200
500 0 0	Nov. 24	37	18,500
500 0 0	Dec. 11	20	10,000
3 17 0*	Interest at 4 per cent.		
2,755 0 10			330,852

Cr.

£ s. d.	1887.	Days.	Int. No.
1,000 0 0	July 10	174	174,000
600 0 0	Aug. 22	131	78,600
400 0 0	Oct. 18	74	29,600
450 0 0	Dec. 1	30	13,500
305 0 10	Balance of Numbers*		35,152
2,755 0 10	Balance of Account.		330,852

EXAMPLE 2.—*(Third and Fourth Methods combined; without Interest Numbers.)*

N.B.—If the Account is made out in months and days, the amount of each interest must be expressed instead of the Interest Numbers; as for the first two amounts on each side (*Dr.* and *Cr.*)—

£ s. d.	1887.	M. D.	£ s. d.
1,426 16 4	June 30	6 0	28 10 9
124 7 6	July 18	5 13	2 4 11

£ s. d.	1887.	M. D.	£ s. d.
1,000 0 0	July 10	5 21	18 19 4
600 0 0	Aug. 22	4 9	8 11 10

* The Balance of Numbers 35,152 must be divided by 9125 (the divisor for 4 per cent.), to produce the Balance of Interest, which is £3 17s.

EXAMPLE 3.—(*Second and Fourth Methods combined; with Interest Numbers of Sixth Method.*)

Dr.—Messrs. Prada & Co., Rio Janeiro, in account with Hollis & Pearson, London—*Cr.*

From June 30 to Sept. 30, 1887.—Interest at 4 per cent. per annum.

£	s.	d.	1887.	Days.	Int. No.	£	s.	d.	1887.	Days.	Int. No.
118	15	3	June 30	92	10,948	950	0	0	Sept. 4	26	24,700
800	0	0	Sept. 14	16	12,800	600	0	0	,, 13	17	10,200
200	0	0	,, 23	7	1,400	542	16	10	,, 23	7	3,801
500	0	0	,, 5	25	12,500	315	12	1	,, 22	8	2,528
500	0	0	,, 6	6* 3,000		829	0	8	,, 4	26	21,554
198	0	0	Oct. 6	92* 18,216		25	6	9	,,	226	5,650
300	0	0	Dec. 31	31* 9,300		160	0	0	Feb. 16	26* 4,160	
200	0	0	Oct. 31	38* 7,600		100	0	0	Oct. 26	45* 4,500	
100	0	0	Nov. 7	39	3,900				Nov. 14	*Numbers on Dr. side*	*81,316
50	0	0	Aug. 22	26	1,300	10	14	7	Int. to Sept. 30 at 4%		
800	0	0	Sept. 4	54* 43,200		301	13	3	Balance to their debit.		
50	0	0	Nov. 23	7	350						
			Sept. 23	*Numbers on Cr. side*	*8,660						
			Balance of Numbers		97,891						
18	5	11	Commission and Postages.								
3,835	1	2			149,749	3,835	1	2			149,749

* For the explanation of these transferred numbers, and general remarks on this account, see next page.

EXPLANATION OF THE PRECEDING ACCOUNTS.

This Account-Current of Messrs. Hollis & Pearson, the parties making out the account, commences with the balance in their favour on 30th June, 1887, and it is made up to 30th Sept., 1887. There is one item afterwards entered on the *Cr.* side, which is due previous to the date of the last Balance, *viz.*, £25 6s. 9d., which is entered as due to Prada & Co. on 16th Feb., 1887. Such entries occur in business either as corrections to former entries made in error on the opposite side of the account, or as arising out of transactions, which have not come to maturity at the time of striking the previous balance.

The days are here reckoned *backwards* from 30th Sept. to the respective days on which the sums of money are due before that period, and *forwards* to the days on which the amounts are due after that date; and each Principal (reckoning 10s. and above as £1), is multiplied by the number of the days set against it, to form the Interest Number for that Principal.

In this account, the days for the sums not yet due, but for which, notwithstanding, the correspondents Messrs. Prada & Co. are debited or credited, are severally marked with asterisks, and the Interest Numbers for these sums are entered in a separate column on each side; but it is to be observed, that it is the practice in business to write these days and numbers in *red ink*, and to enter all the Numbers on each side in one column; then the amount of the numbers in red on each side is entered on the opposite side (using red ink for the words in italics in this account, but not for the

Numbers, and writing the word *red* instead of using asterisks as necessitated in printing), and a balance is struck and entered of these numbers. The balance of these numbers is then valued, by dividing it by 9125 (the divisor for 4 per cent.), and an entry is made of the amount in the cash column on the opposite side of the account. Whatever further charges or allowances are to be made are then entered on the proper side of the account, and the final balance of the account is taken.

In closing this account it therefore appears that, after crediting Messrs. Prada & Co. £10 14s. 7d. for the balance of the Interest account, and that, after adding in the amount to be charged to them for commission and postages, there is finally a balance of £301 10s. 3d. to be carried to their debit in their new account.

Before showing another method of working the Interest Calculations, it seems necessary to explain why the Interest Numbers on sums due in advance of the day to which the account is made up, should be entered on the opposite side of the account.

It being understood that the Interest Numbers are the representatives of the Interest amounts we have to consider that—

1*st*, In the practice of making up accounts to a certain day, the balance of the account is the amount then due.

2*ndly*, By taking off the discount on a sum not yet due for the time in advance of any day, it is made due on that day: thus, if on the 30th of September a person owes me a sum of money, or in other words, if I have a right to charge his account with any sum which I have engaged to pay for him, say £500, on the 6th of October, I make that sum due on the 30th of September, by allowing him the Interest on £500 for 6 days, which at 4 per cent. is £3,000 divided by 9125, or 6s. 7d.; consequently by deducting 6s. 7d. from £500 due on 6th October, I have £499 13s. 5d. due on 30th September.

3*rdly*, In mercantile practice, instead of making a deduction from one side of an account, the same is effected by making the amount that should be deducted an addition to the opposite side of the account; for it is the same in effect, to debit a person for £500, and to credit him for 6s. 7d., as to debit him for only £499 13s. 5d; and hence it is, that amount of these numbers is entered on the reverse side of the account to that on which these numbers for days in advance are entered.

Instead of this method of reckoning the days *backwards*, from the day of the present settlement of the account, a method has recently been introduced, particularly in foreign banking accounts, of reckoning the days *forwards* from the day on which the last balance was taken, and adjusting this result to the proper result, in the manner of the following Example, which will be explained (*see* page 16), after showing how this method operates upon the sums in the preceding account.

It may here be remarked that the days employed in this next account are either the difference between the days in the last account and the 92 days, the time which this account runs; or, for the days marked with asterisks, they are 92 days more; and therefore the sum or difference of the two products equals the product of the principal multiplied by 92. Thus, for the second item on the *Dr.* side of Examples 3 and 4, which is £800 due 14th Sept., 1887.

In Ex. 3, we have £800 × 16 = 12,800
4, ,, 800 × 76 = 60,800

The amount is 800 × 92 — 73,600

If the account were for the whole year 1887, the sum or difference would be for 365 days. If for 1888, or any other leap year, it would be for 366 days.

In the forms used in Examples 2, 3, 4, the date of entry in the books of the party making out the account is omitted, as being of no importance to the party to whom it is to be sent; and the principal sum is placed on the left of the account, to be followed by the cause of its being charged, by the date when due, the number of the days for which the Interest is reckoned, and the amount of the Interest or its equivalent Interest-Number.

EXAMPLE 4.—(*Second and Fifth Methods combined; with Interest Numbers of Sixth Method.*)

Dr.—Messrs. Prada & Co., of Rio Janeiro, in account with Hollis & Pearson.—*Cr.*

From June 30 to Sept. 30, 1887.—Interest at 4 per cent. per annum.

£	s.	d.	1887.	Days.	Numbers.	£	s.	d.	1887.	Days.	Numbers.
118	15	3	June 30	—		950	0	0	Sept. 4	66	62,700
800	0	0	Sept. 14	76	60,800	600	0	0	,, 13	75	45,000
200	0	0	,, 23	85	17,000	542	16	10	,, 23	85	46,155
500	0	0	,, 5	67	33,500	315	12	1	,, 22	84	26,544
500	0	0	Oct. 6	98	49,000	829	0	8	,, 4	66	54,714
198	0	0	Dec. 31	184	36,432	25	6	9	Feb. 16	134	*3,350
300	0	0	Oct. 31	123	36,900	160	0	0	Oct. 26	118	18,880
200	0	0	Nov. 7	130	26,000	100	0	0	Nov. 14	137	13,700
100	0	0	Aug. 22	53	5,300				on £293 18 11+	92	27,048
50	0	0	Sept. 4	66	3,300	10	14	7	Balance of Int. & Nos.		97,891
800	0	0	Nov. 23	146	116,800	301	10	3	Balance to their debit.		
50	0	0	Sept. 23	85	4,250						
			No. in red, Cr. side		3,350						
18	5	11	Commis. & Postages								
3,835	1	2			392,632	3,835	1	2			392,632

* This number (3,350) in the Interest column should either be entered in red ink, or be annulled by crossing it with a line when carried to the opposite side. It is not included in the total of the *Cr.* numbers.
† This £293 18s. 11d. is the *Dr.* Balance at this point (or £3,816 15s. 3d. less £3,522 16s. 4d.)

Explanation of the Preceding Account.

In this account the days are reckoned from 30th June, 1887, the date of the last balance, *forwards*, to each of the days on which the amounts become due (that balance having no Interest to be calculated upon it), and each Principal is, as before, multiplied by its respective number of days to create an Interest Number.

In this account one sum on the *Cr.* side is due on 16th February, or before the day of the last balance; the days for this item are therefore calculated *backwards* from 30th June to 16th February, and this alone forms what is called a *red* number to be added to the opposite side, to make it due, like the preceding balance of £118 15s. 3d., on the 30th of June, having also like it no interest or rather discount to be calculated in advance.

When these entries of the Interest Numbers have been finished, the *balance of the Cash columns is taken and multiplied by the number of the days from the day when the account commences to the day on which it is made up, and the product or interest number is added to the* OPPOSITE *side.* (In this account the amount of the *Dr.* side being the greater of the two sides, the product or Interest Number is added to the *Cr.* side.) *With this correction the balance of the Interest numbers is then taken and entered, and the amount it gives of Interest is extended in the Cash column upon the same side of the account, and not on the opposite side.*

To explain the reason that this method should produce the same effect as the preceding plan, we must observe, that by reckoning the days forward, as in this account, from 30th June, and applying the number of these days to the respective sums, we, in fact, reckon the Discount on each, and render them due on the day the account commences; then, when we strike a balance of the sums, exclusive of the Discount, and calculate the Interest for the days between the two periods of settlement, we add the result to the opposite side. Being interest, its nature is opposite to that of Discount; this correction thus settles the difference between the two methods, and the balance of the Interest is found as before, but, for the reason above given, it is entered upon the opposite side of the account.

The chief advantage of this method is, that the Numbers in the Discount Columns can at once be filled in; but this, by using an adjusting entry if required, may also be done with the former method, and the red numbers may in like manner be avoided, by making up the account to the last day in it, as in the following example.

It is proper further to remark, that from the practice of reckoning 10s. and above as another pound, and rejecting less sums in the calculation of the Interest, and also from the balance being taken independent of these adjustments, a little variation will sometimes arise between the results of the two methods; but if the balance be reckoned from the difference in the amounts of the pounds employed, both will agree.

EXAMPLE 4.—(*Repeated by another Method as to Time.*)

Account with Interest at 4 per Cent. per Annum from 30th June to 30th September, 1887.

Dr. *Cr.*

£	s.	d.	1887.	Days.	Numbers.	£	s.	d.	1887.	Days.	Numbers.
118	15	3	June 30	184	21,896	950	0	0	Sept. 4	118	112,100
800	0	0	Sept. 14	108	86,400	600	0	0	,, 13	109	65,400
200	0	0	,, 23	99	19,800	542	16	10	,, 23	99	53,757
500	0	0	,, 5	117	58,500	315	12	1	,, 22	100	31,600
500	0	0	Oct. 6	86	43,000	829	0	8	,, 4	118	97,822
198	0	0	Dec. 31	—	—	25	6	9	Feb. 16	318	7,950
300	0	0	Oct. 31	61	18,300	160	0	0	Oct. 26	66	10,560
200	0	0	Nov. 7	54	10,800	100	0	0	Nov. 14	47	4,700
100	0	0	Aug. 22	131	13,100				£293 18 11*	92	27,048
50	0	0	Sept. 4	118	5,900	10	14	7†	Balance of Interest.		
800	0	0	Nov. 23	38	30,400	301	10	3	Balance of Account.		
50	0	0	Sept. 23	99	4,950						
			Balance of Numbers		97,891						
18	5	11	Comm. & Postages								
3,835	1	2			410,937	3,835	1	2			410,937

* This account is, at first, made up to the 31st December, which happens to be the last day on either side, and then, to correct or adjust it to the 30th September (92 days earlier), the Interest is allowed for the difference of time, upon this excess of the *Dr.* side.

† The Balance of Numbers, 97,891 divided (for four per cent.) by 9125, makes £10 14s. 7d. Interest.

INTEREST IN BANKING ACCOUNTS.

In Banking Accounts in which interest is charged upon the debits, and allowed upon the credits, and in which variations almost daily occur in the balances, instead of either of the preceding methods, the following method is now generally adopted in London Banks, by which the labour of calculating the Interest on Country Banking accounts is much lessened.

The balances of the daily receipts and payments, or the balances of the debit and credit of the Ledger account, being entered in *Dr.* and *Cr.* columns for each month, the total amounts of the columns are taken: then if the same rate of Interest is allowed as is charged, the balance of the amounts is found, and the Interest is calculated upon it for *one day* at the given rate per cent.; but if, as is more usual, the rates charged and allowed are different, then the Interest is calculated for one day upon the separate amounts of both the debits and credits, and each amount of Interest, or the balance, is carried to the general account.

It is to be observed that, when any day occurs without having any sum charged (as for Sundays and Bank Holidays), the preceding day's balance must be repeated for that day, and the same must continue to be done, until a fresh entry is made in the account.

Banking accounts of this nature are usually made up every six months, to the last day of June and of December, and the Interest, by being charged to the general account, is then made part of the Principal. For the sake of convenience, however, we have taken the account as only for three months, or as if opened on Tuesday, 1st April, 1890.

The Sundays in the following account are marked by an asterisk in the table of the balances ; and the balance of the preceding Saturday is entered to each Sunday as the balance for another day :—

Days.	April.		May.		June.	
	Dr.	*Cr.*	*Dr.*	*Cr.*	*Dr.*	*Cr.*
1	3,972	—	—	1,790	* —	1,789
2	2,051	—	—	1,955	4,000	—
3	—	475	460	—	—	628
4	—	1,510	* 460	—	—	329
5	727	—	6,590	—	500	—
6	* 727	—	2,136	—	500	—
7	2,075	—	858	—	500	—
8	945	—	—	1,120	* 500	—
9	4,751	—	—	1,120	1,734	—
10	1,036	—	—	1,120	1,622	—
11	1,036	—	* —	1,120	3,180	—
12	—	2,175	748	—	2,246	—
13	* —	2,175	3,864	—	1,828	—
14	—	1,150	3,142	—	4,154	—
15	4,310	—	1,780	—	* 4,154	—
16	515	—	1,160	—	1,428	—
17	150	—	1,673	—	3,686	—
18	2,127	—	* 1,673	—	5,932	—
19	330	—	486	—	8,644	—
20	* 330	—	—	838	4,382	—
21	8,192	—	—	1,372	5,165	—
22	5,210	—	—	545	* 5,165	—
23	3,125	—	3,868	—	282	—
24	2,160	—	4,637	—	—	4,781
25	500	—	* 4,637	—	—	6,383
26	—	954	4,637	—	—	6,383
27	* —	954	2,268	—	—	2,100
28	1,030	—	2,052	—	—	1,742
29	—	1,075	889	—	* —	1,742
30	—	2,500	—	692	1,429	—
31	—	—	—	1,789	—	—
	£45,299	£12,968	£48,018	£13,461	£61,031	£25,877

Total *Dr.* £45,299 + £48,018 + £61,031 = £154,348, which for one day at 5°/₀ is £21 2s. 10d.

Total *Cr.* £12,968 + £13,461 + £25,877 = £52,306, which for one day at 3°/₀ is £4 6s.

Bank Holidays.

In explaining the methods adopted by London Banks to lessen the labour of calculating interest on Country Banking Accounts, we have stated that in making the Table of Daily Balances the preceding day's balance for Sundays and Bank Holidays is repeated.

The General Bank Holidays in England and Ireland are: Good Friday, Easter Monday Whit Monday, First Monday in August, Christmas Day and the following day ; or if that be Sunday the Bank is closed on Monday.

In Scotland: New Year's Day, Good Friday, First Monday in May, First Monday in August and Christmas Day.

How to find the Divisors for Interest Numbers.

As the student may not readily remember the proper Interest Divisor for a particular rate of Interest, we here give a simple Rule for creating the proper Divisor for any rate per cent. :—

Divide 36,500 *by the Rate per Cent., and the Quotient is the Interest Divisor.*

The explanation of this easy method is simple enough. The Interest of £100 for one year at 1 per cent. is of course £1. If this were found as an item in an Account in which the Interest had to be calculated by Interest Numbers, *Dr.* or *Cr.*, we should have to multiply the amount of money (£100) by the number of days (365) to produce the required Interest Number

(36,500). If this Interest Number were taken, *per se* (without considering the other varied amounts of money and statements of days arising from the various dates in the Accounts), and divided by 36,500, the Divisor Number for 1 per cent., the Quotient would be 1, that is, £1 Interest. Therefore, by parity of reasoning, if we divide 36,500 by 1, the rate per cent., the result of 36,500 is the proper Interest Divisor for 1 per cent.

By the same method, at the rate of 2 per cent. per annum, 36,500 ÷ 18,250 yields interest £2, the proper divisor being obtained by dividing 36,500 by 2 = 18,250; and at the rate of 2½ per cent. per annum, 36,500 ÷ 14,600 yields Interest £2 10s., the proper divisor being obtained by dividing 36,500 by 2½ (or 73,000 ÷ 5) = 14,600.

The principle being correct, it is certain that any amount of money for any number of days, multiplied into each other, will produce Interest Numbers, whence the Interest in money, at any rate per cent., can be found, if the proper divisor for such rate be used. The result can be readily arrived at, for (1) a *Dr.* Account only; (2) a *Cr.* Account only; or (3) a *Dr.* and *Cr.* Account-Current. In the latter case, as shown by the examples already mentioned, it is the balance of the Interest Numbers which has to be found, and has to be divided by the proper Interest Divisor to produce the interest, whether expressed in £ s. d. or in terms of foreign money.

The following list of interest divisors is more than sufficient for all business purposes. The divisor multiplied by the rate per cent. should make 36,500, or as near that amount as possible. In the selected instances,

we have proved the calculations, and placed the result at the right hand. The reader may practise with other rates of interest (as 1¼, 1¾, 2¾, 3¼) in the same way.

List of Interest Divisors.

365 days = 1 year.

Divisor No.	Rate °/₀ per annum.	Proof.
73,000	½	36,500
36,500	1	36,500
24,334	1½	36,501
18,250	2	36,500
14,600	2½	36,500
12,167	3	36,501
10,429	3½	36,501
9,125	4	36,500
8,111	4½	36,499
7,300	5	36,500
6,636	5½	36,498
6,083	6	36,498
5,615	6½	36,497
5,214	7	36,498
4,867	7½	36,502
4,562	8	36,496
4,294	8½	36,499
4,055	9	36,495
3,842	9½	36,499
3,650	10	36,500

In interest accounts where the year is taken as 360 days, and a month as the 12th of a year, the divisors will of course be different. We give the divisors for 2½ °/₀, 4 °/₀ and 5 °/₀.

List of Interest Divisors.

360 days = 1 year.

Divisor No.	Rate °/₀ per annum.
14,400	2½
9,000	4
7,200	5

and so on.

Another Example of an Account-Current.

Messrs. F. H. Valpy & Co., New York, in account with
Hall & Hollis, Liverpool.

						£	s.	d.
				Cr.				
By your half Net Proceeds of 840 Bales Cotton ℔ Exeter, on joint account, due on average 6th July - - - - - - -						4,054	11	0
				Dr.				
To your Drafts, favour of					£ s. d.			
Palmer & English -			5 March		1,000 0 0			
J. & N. Perkins - -			5 ,,		1,371 13 6			
Bruce Brothers - -			21 ,,		1,000 0 0			
,, Cash paid by your order to George Ager - -			28 April		622 7 5			
,, Interest on								
£ s. d.			£ s. d.					
2,371 13 6,	123	days,	39 19 4					
1,000 0 0,	107	,,	14 13 2					
622 7 5,	69	,,	5 17 7					
					60 10 1			
						4,054	11	0

E. E.

Liverpool, Dec. 31, 1900.

James Black & Co.

The above is the usual appendage to an Account Sale when specific advances have been made. In the present transaction, the whole has been settled by the paying over of the balance according to the directions of the house in New York.

Goods on Consignment.

It often happens, when a merchant is unable to find a market for certain goods, that he arranges for their consignment to another, who sells the goods for the consignor (a consignor is one who forwards goods to another for sale) for a stipulated percentage or commission on the gross amount of the sales. When the goods are shipped, the consignee (that is, the party to whom the goods are sent) in due time receives the documents. He discharges all liabilities in connection with the goods, obtains delivery of them, and sells at the highest prices he can obtain for them, either privately or by public sale. When the goods have been sold, an account called an Account-Sales, is prepared by the consignee and forwarded to the consignor, in which the latter is credited with the amount of each item sold, and debited in detail with all disbursements consequent upon the consignment, including the fixed rate of commission agreed upon, any payment that may have been remitted on account, discounts upon acceptances, the cost of freight, wharfage, and other incidental charges in the shipment of goods; and if a credit balance remains, a bill for the amount is attached to the Account Sales, or the amount is passed to the credit of the consignor's account in the consignee's books.

It will thus be seen that the sender of the goods is called the Consignor, the receiver of them the Consignee, and the goods themselves the Consignment, or, as it is sometimes called, an Adventure. Thus a merchant would say his "*Adventure* in straw hats" consisted of a "*Consignment* of twenty cases".

Account-Sales.

An Account-Sales is an account of goods received and sold for another. It should specify the marks, numbers and particulars of the different packages or lots and their respective selling prices.

The account also specifies the charges for freight, landing, storing, insurance, commission, duty, if paid, etc., and where the goods have been sold by public sale, the sale expenses. All these charges are deducted from the gross proceeds of the goods, the balance being called the net proceeds.

Merchants usually have their Account-Sales printed to cover all the charges incurred in their particular trade.

Account-Sales are usually rendered to the Consignor after each transaction; and the amount due to him is either paid at once or at stated intervals as shown in an Account-Current.

The following is a copy of an Account-Sales, which, by the way, means an Account of Sales.

Specimen of an Account Sales.

Account Sales of 150 Casks Lard, per "*Wyoming*," from Boston, received by us and sold for account of Messrs. Barber & Co., of New York.

		Cwt. qrs. lb.		£ s. d.
B	50 Casks Fine Lard, gross -	150 0 0		
1/50	Draft 0 1 22			
	Tare 24 0 4 -	24 1 26		
	Net - -	125 2 2	- at 41/- p. cwt. -	257 6 3
"51/100	50 Casks mixed quality, gross -	155 0 0		
	Draft 0 1 22			
	Tare 24 3 10 -	25 1 4		
	Net - -	129 2 24	- ,, 39/- p. cwt. -	252 18 10
"101/150	50 casks inferior quality, gross	160 0 0		
	Draft 0 1 22			
	Tare 25 2 16 -	26 0 10		
		133 3 18	- ,, 37/- p. cwt. -	247 14 8
			Carried forward	£757 19 9

CHARGES.

	Brought forward	£757 19 9
Insurance £800, at 20/- per cent., and policy 2/-	£8 2 0	
Freight as per Bill of Lading	27 12 1	
Customs Entry and Stamps	0 16 0	
Discharging, weighing, housing, coopering, sampling and rent	14 2 0	
Public sale expenses and advertising	3 15 0	
Fire Insurance	1 10 0	
Brokerage on £757 19s. 9d. at 1%	7 11 7	
Commission on £757 19s. 9d at 2½%	18 19 0	
	82 7 8	
Less discount 2½% on £757 19s. 9d.	675 12 1	
	18 19 0	
	£656 13 1	

E. & O. E.

London, 14*th October*, 1900.

Williams, Marshall & Co.

Explanation of the Previous Account.

Gross is the weight of both goods and packing.

Tare means an allowance for the weight of a cask, case, or wrapper. There are three weights with packed goods: the Gross Weight, which is the weight of both goods and packing; the Tare, which is the weight of the package itself; and the Net Weight, which is the actual weight of the goods before being packed, or after the weight of the packing has been deducted.

Draft is an allowance to the buyer for dust, dirt, etc., or the turn of the scale, and it is made to insure his getting full weight. The draft allowed varies in all trades according to the articles dealt in.

Brokerage is the charge made by the broker for handling the goods and attending to their disposal.

Cooperage is a charge for opening or repairing barrels.

Commission is the merchant's charge for attending to the whole business.

Freight is the steamer's charge for carrying the goods.

Customs Entry and Stamps is the merchant's charge for passing an entry for the goods at the Custom House, and the money he has spent in stamps while dealing with the goods.

Fire Insurance is the cost to the merchant for insuring the goods against fire whilst in warehouse.

The charges on goods are so various that we give several specimens of Account-Sales to show their working in various trades, and, where necessary, an explanation of the charges made will be given at the foot. Merchants usually have their Account-Sales printed to suit their particular trade.

ACCOUNT-SALES of 113 Bags PIMENTO per *Rolla*, Captain Colvin, from Jamaica, sold on account of J. Simpson, Esq.

1900		Sold at Public Sale.											
May	9	20 Bags - - - - cwt.				18	3	10					
		20 ,, - - - -				18	3	21					
		20 ,, - - - -				18	1	16					
		20 ,, - - cwt.	18	3	21	56	0	19					
		20 ,, - -	18	0	16		2	4	Dft.				
		13 ,, - -	14	2	11								
						55	2	15					
			51	2	20	1	3	27	Tare				
				1	25								
						53	2	16					
			51	0	23	2	0	7	Tret				
					9								
						51	2	9	=				
			49	1	14								
			1	3	17	5,777 lbs.			2⅜d.	57	3	4	
			47	1	25	=5,317	,,		2¼d.	49	16	11	
										107	0	3	
						Discount 1 %				1	1	5	
										105	18	10	
		——— CHARGES. ———											
		Warehousing Entry - - -				£0	2	6					
		Ins^e on £80 @ 40/-, & P^y - -				1	17	3					
		Freight on cwt. 99 3 7 @ ½d. ₩ lb.				24	2	3					
		Primage, etc., 16/6											
		Dock Rates on do. @ 1/2 ₩ cwt. -				6	14	4					
		Sorting, etc., 17/10											
		Advertising & Sale Exp^s - -				0	12	0					
		Brok. on £107 0 3 @ 1 % - -				1	1	5					
		Commiss. on £105 18 10 @ 2½d % -				2	12	11					
										37	2	8	
		Net proceeds due 27th May, 1900 - -							£	68	16	2	

Tret means a further allowance on goods liable to waste after the Tare and Draft have been deducted, Pimento being one of the few articles on which Tret is still allowed.

ACCOUNT-SALES of 7 Serons COCHINEAL per *Crusader*, Captain Lawson, from Honduras, sold for account of Robinson & Company.

1900		Sold at Public Sale.											
Feb.	7	No. Cwt. qr. lb. oz.											
		1 — 1 1 2 10											
		2 — 1 0 14 6											
		3 — 1 0 20 6											
		4 — 1 0 24 6											
		5 — 1 0 25 10											
		6 — 1 0 26 12											
		7 — 1 0 20 6											
		8 1 22 8											
		8 7 Tare											
		8 1 14 1 = lb. 9381 @ 3/10 - -								179	15	11	
		Discount 2½ % - -								4	9	11	
										175	6	0	
		Rec'd for 7 Packages @ 3/- - -				£1	1	0					
		,, Garblings, 4 lb. @ 1/- - -				0	4	0		1	5	0	
										176	11	0	
		——— CHARGES. ———											
		Warehousing Entry - - -				£0	2	6					
		Dock Rates on cwt. 8 1 14 @ 3/-, Taring, etc. - - - -				1	9	6					
		Garbling @ 6/-, ₩ Seron & Bags -				2	3	6					
		Freight on cwt. 8 1 14 @ 1d. ₩ lb., and Primage 5 %. - - -				4	2	1					
		Insurance on £150 @ 40/-, and Policy Stamp - - - -				3	10	0					
		Advertising & Sale Charges - -				1	4	6					
		Brokerage ½ %. on £179 15 11 -				0	18	0					
		Commission 2½ %. on £176 11 0 -				4	8	3					
										17	18	4	
		Net Proceeds, due 9th March, 1900 - -							£	158	12	8	

Garbling is a charge for sorting or picking out the damaged parts.

Account-Sales of Cochineal.

Cochineal from the Spanish Settlements is packed in bags, which are almost universally covered with a Hide, and such package is called a Seron, from the Spanish word *Zurron* signifying a Leather Bag. Before taking the weight, this covering is removed, and the Tare is the actual weight of the Shirts or Linen Bags; and both the Gross and Tare are taken to ounces.

Cochineal is sold at the prompt, or term of payment, of one month, the prompt expiring according to the general custom of London on the following Saturday, the day named at the foot of the Account-Sales.

Cochineal is sold in Bond. In London, the Warehouses and Quays of the respective Docks are bonded by the Companies of the Proprietors, and the Charges which they make for the landing, weighing, housing, delivering, etc., of the Goods, are called Dock Rates. Of these Rates there are two kinds, the Landing Rate, which does not include any rent, and the Consolidated Rate, which, with an extension of the trouble taken with the Goods, includes the rent for a stated period, from the time of the ship's commencement of discharge.

The Charge for Garbling, that is sifting and picking, is an extra charge.—New Bags are required for the Garblings, and also for any Bags which have been sea-damaged.

The rate of Freight is according to the terms specified in the Bill of Lading.—Primage was originally a gratuity to the Captain for his care of the Goods.

The Charge for Brokerage is commonly, if not always, made upon the Gross amount of the Goods, while that for Commission is usually made upon the Net amount. In a few cases, the rate of the Brokerage is upon the number of the Casks or Packages, as 5s. or 10s. per Hhd. or Puncheon; but it is far more generally a rate per Cent., as one-lf or one per Cent., the latter being

usually charged either when much trouble has been required to be taken, when the Goods have been sold by Public Sale, or when advances have been made by the Broker to his Principal.

Account-Sales of 406 Elephants' Teeth, ex *Chieftain*, Captain Pattison, from Cape Coast, on account of Messrs. Wilson & Company.

London, Dec. 1st, 1900.

Sold ℔ Public Sale 406 Teeth in bond.

Teeth.	Weight. Cwt. qr. lb.	Net. Cwt. qr. lb.	Dft. 1 lb. per Lot. £ s.			
7	4 0 21	4 0 20	@ 25 0	104	9	3
10	4 0 22	4 0 21	,, 23 0	96	6	3
10	3 1 19	3 1 18	,, 19 15	67	7	3
13	2 3 14	2 3 13	,, 18 0	51	11	9
10	3 3 17	3 3 16	,, 20 0	77	17	2
9	2 3 6	2 3 5	,, 20 0	55	17	10
20	2 2 14	2 2 13	,, 17 5	45	2	7
30	2 2 0	2 1 27	,, 15 0	37	7	4
52	2 3 1	2 3 0	,, 19 0	52	5	0
83	2 1 15	2 1 14	,, 13 10	32	1	3
52	2 1 21	2 1 20	,, 14 5	34	12	2
110	2 0 22	2 0 21	,, 13 10	29	10	8
406 Teeth				684	8	6
		Discount 2½%	-	17	2	6
				667	6	0

——— Charges. ———

Insurance on £650 @ 40/- Policy 35/- & Commission ½% - - - -		£18 0 0			
Ft. 2% on £650 -	£13 0 0				
Primage, etc. - -	19 6				
		13 19 6			
Dock Charges - - - - -		5 17 8			
Advertising & Sale Charges - -		1 12 6			
Brokerage 1% on £684 8 6 - -		6 16 10			
Commission 2 ,, - -		13 13 9			
			60	0	3
Net Proceeds due Feb. 1st, 1901 - £			607	5	9

Elephants' Teeth are divided into five different sorts, according to their Weight, the smaller ones, or those under 18 lb., being called Scrivelloes.

The Commission in this Sales is charged, like the Brokerage, upon the gross amount.

ACCOUNT-SALES of 10 Hhds. TOBACCO, ex *Dolphin*, Capt. Lee, from Richmond, sold on account of A. M. Browne, Esq.

1900 Mar.	5	By F. Naylor & Co. @ 2 months.			
		No. Cwt. qr. lb.			
		1 10 3 11			
		2 11 1 0			
		3 10 1 16			
		4 10 3 4			
		5 11 2 14			
		6 10 2 4			
		7 12 0 1			
		8 11 0 26			
		9 10 1 0			
		10 10 3 27			
		109 3 19 = 12,311 lb.			
		380 ,, Shrinkage			
		11,931			
		459 ,, Tret			
		Net 11,472 @ 3½d. ₩ lb. -	167	6	0
		Discount, 2% - - - £3 6 11			
		Charges, 3/7 ₩ Hhd. - - 1 15 10	5	2	9
			162	3	3
		—— CHARGES. ——			
		Entry - - - - - - £0 4 6			
		Customs Rent, 2/- ₩ Hhd. - - 1 0 0			
		Import Rate, Weighs & Samps 12,311 lb. @ 6d. ₩ 100 lb. - - 3 1 6			
		Porterage of Samples - - - 0 1 0			
		Brokerage, 10/- ₩ Hhd. - - 5 0 0	9	7	0
		£	152	16	3
		E. E. London, May 7, 1900.			

The importation of tobacco into this kingdom is placed under very severe restrictions. Where it is permitted to be landed, it is placed in appointed warehouses under the special charge of the Customs, and it is weighed net or without the cask. Before, however, being thus weighed, any unsound part is cut off, and instead, as formerly, of its being destroyed (as is still required to be done to such tobacco as the importer may choose to wholly abandon), it may now be exported, but not in packages of less than 300 lb. in weight. The undamaged tobacco is recased, and the allowance for shrinkage is made, to compensate for the loss of weight that may arise from the drying up occasioned by this cutting and exposure to the atmosphere.

As with other bonded goods, no duty is required to be paid at the time of importation, but upon making the warehousing entry, a charge of 2s. per cask or package is made for rent in such warehouses as are provided by the Crown, and the same is also payable on taking the tobacco from the warehouse (with a further charge of 4s. per annum if remaining warehoused longer than 5 years), to defray which and other trivial charges, the allowance of 3s. 7d. per cask is made to the purchaser of either sort of tobacco from the United States.

The import rate is charged by the Dock Company for the services stated in the Account-Sales.

All tobacco is sold in London at 2 months' prompt, or a discount, at the rate of 5 per cent. per annum, is allowed for any unexpired time. Both this and the following Account-Sales are supposed to be from brokers to their principals, and consequently they do not include the charges for freight and insurance.

ACCOUNT-SALES of 7 Hhds. TOBACCO, ex *White Rose*, Baltimore, sold on account and risk of Messrs. Palmer & English.

1900.							
July	17	By C. Brooks & Co., the whole payment 2 & 2 mos.					
		No. O. No. Cwt. qrs. lb.					
		1 409 12 1 5 Net.					
		2 405 15 3 7					
		3 407 12 1 16					
		4 406 13 2 22					
		5 403 13 3 20					
		6 404 14 0 1					
		7 408 16 1 19					
		98 2 6					
		or 11,038 lb.					
		Shrinkage 119 ,,					
		10,919 ,, @ 3½d. ₩ lb. -			142	3	6
		—— CHARGES. ——					
		Import Charges, Weighing and Sampling, @ 5/6 ₩ Hhd. - -	£1 18 6				
		Mats, ,, 5d. ,, - -	2 11				
		Allowance, ,, 2d. ,, - -	1 2				
		Carriage of Samples - - -	6				
		Brokerage, 5/- ₩ Hhd. - - -	1 15 0				
					3	18	1
				£	138	5	5

Errors and Omissions Excepted.

Liverpool, 18 July, 1900.

ACCOUNT-SALES OF TOBACCO.

The allowances upon the weights of most articles of commerce are the same in the out-ports as in London, but in Liverpool, on this article, there is considerable difference. Except that an extra shrinkage is allowed when the tobacco has been long in the warehouse, on Virginia and Kentucky, the shrinkage is only 15 lb. per hhd., and on Maryland only 10 lb. per hhd., each with a draft of 2 lb. per hhd., but with no allowance of tret.

The times of credit are also generally different. On this tobacco the time is four months, here stated to be two and two months, by which is meant, that at the expiration of two months, payment must be made either in cash with the allowance of discount, as interest *upon the money paid*, at the rate of 5 per cent. per annum for the unelapsed time, or in approved bills at two months' date. This settlement is called "as four months' cash," signifying that payment may be made either on the day of sale or at any time within the first two months, with the allowance of discount as above, the four months' payment being what is called "bill time," or four months and three days' grace.

There is no percentage discount, nor are any charges allowed to the buyer; and the tobacco warehouse for this port being free of rent to the Crown, this article is free of rent for eighteen months from the date of importation, after which time the rent is charged at the rate of 1½d. per package per week, which is payable by the then owner.

ACCOUNT-SALES of 73 Casks OLIVE OIL, rec'd per *Adriatic*, Capt. Hughes, from Trieste, and sold on account of Messrs. Westby & Co., London.

1900.					
May	8	By Watson & Co. the whole payment 1 & 3 mos.			
		Cwt. qrs. lb.			
		Wg. 710 1 13			
		3 0 16 Dft.			
		707 0 25			
		113 2 18 Tare.			
		593 2 7 Net.			
		or Tuns 29 1 15⅝ @ £52 ₩ Tun - -	1,524	4	2
		—— CHARGES. ——			
April	6	Duty on Tuns 29 1 48 @			
		40/- - - - - £58 17 7			
		5 % - - - - 2 18 11			
		61 16 6			
		Dk. Rate, 45/10; Town Ds., 48/8 - 4 14 6			
,,	10	Freight on cwt. 596 0 22			
		@ 35/- ₩ Ton - - £52 3 4			
		Primage, 10 °/₀ - - 5 4 4			
		57 7 8			
		Insurance against Fire - - - 7 10 0			
		Cartage and Porterage - - - 13 1 7			
		Coop., Sampling & S. Bottles - - 7 9 4			
		Warehouse Rent - - - - 3 13 0			
		Interest on Duty, Freight, etc. - 2 11 9			
		Brokerage on £1,524 4 2 @ ½ - - 7 12 5			
		Bank Comm. ,, ,, ,, ¼ - - 3 16 2			
		Comm. and Guarantee ,, 4 - - 60 19 4			
			230	12	3
		Net Proceeds due Sept. 11 - - £	1,293	11	11
		E. E. Liverpool, May 18, 1900.			

N.B.—The tun of 252 Imperial Gallons is divided into 4 Quarters each of 63 gallons, reckoning 9 lb. weight to each gallon.

At the date of the Account-Sales, shown on the previous page, the rates of the selling price and of the duty upon olive oil, were per tun of 252 imperial gallons, calculated upon the delivery net weight for the former, and upon the Customs net weight for the latter; it being estimated that the gallon of such oil weighed 9 lb. avoirdupois, which was about 1½ per cent. less than its real weight, as 100 gallons weigh on an average 913 lb. avoirdupois. The rate of freight is very often calculated in the same manner, but, in this instance, it was rated upon the Customs net weight, at the given rate of 35s. per ton of 20 cwt. The tun of 252 gallons is one-quarter of a cwt. in excess of 1 ton in weight.

The rates of draft vary according to the weight of the cask:—

Under 1 cwt. it is 1 lb.	Under 10 cwt. it is 4 lb.
,, 2 cwt. ,, 2 lb.	,, 18 cwt. ,, 7 lb.
,, 3 cwt. ,, 3 lb.	18 cwt. and above 9 lb.

Thus in this Account-Sales, of which only the total gross is given, on 53 casks under 10 cwt. and not less than 3 cwt. each, the draft was 4 lb. each cask; and on 20 casks under 18 cwt. and not less than 10 cwt. each, the draft was 7 lb. each cask.

Whether bonded or not the selling price was for duty paid, and from there being no charge for the bond, it appears that the goods in this Account-Sales were not housed in a bonded warehouse, and an opportunity is thus afforded of giving some explanation of the nature of the entries at the Custom House in those places in which the warehousing system of the London Dock Companies has not been established.

Before a landing waiter is appointed to the charge of a vessel which has entered the port, and therefore,

necessarily, before commencing its discharge, it is required that at least two-thirds of the cargo should be entered (an entry is merely a description containing the name of the vessel and of the consignee or party making the entry, the sort of goods thus entered, and, in the above case, the quantity on which the duty is proposed to be paid), and unless the goods are bonded, the duty must be paid upon an estimated amount. This is called making a *prime-entry*, and when afterwards the goods have been landed, and the net weight or quantity has been ascertained, the consignee is required to make a second or *post-entry*, and pay the remaining duty. The goods are then given out of the charge of the Customs, and when the prime-entry has been made for more than the landing weight, etc., which is rarely the case, the surplus can be recovered upon application to the Board of Customs.

In Liverpool, at the time of making the prime-entry, the dock rates and town dues had to be paid, the former being calculated similarly to the duties, and therefore requiring to be adjusted in the post-entry, but the latter being in almost all instances upon the number of the packages, had to be paid upon the number entered to be landed.

Cartage, porterage, cooperage, warehouse rent, etc., may be called private charges.

The charge for bank commission was made under the supposition that all the money received for the goods was deposited in one of the banks of the town, and therefore as a charge of one quarter per cent. was the common rate of commission charged by the bankers upon withdrawing the money (they allowing interest upon it while deposited), it was also charged by the agent to his correspondent.

Example of a French Account-Sales.

COMPTE DE VENTE de 6 Lingots d'Argent et 8,500 Piastres, reçus de Londres, et vendus sur le compte de Messrs. Donovan et Cie.

4 Lingots d'Argent.								
		Poids.	Titre.	Prix.		Frs. c.		
1 ,,	K.	23·040	996	219·12	-	5048 52		
1 ,,		24·820	994	218·68	-	5427 63		
1 ,,		23·838	991	218·02	-	5197 16		
1 ,,		19·442	990	217·80	-	4234 46		
						19907 77		
		Prime 2 ₱ mille			-	39 81	Frs.	c.
							19947	58
2 Lingots d'Argent doré.								
		Poids.	Titre.	Or.	Prix.			
1 ,,	K.	16·965	990	4	217·80	-	3694 97	
1 ,,		18·502	989	4	217·58	-	4025 66	
		3 millièmes d'or				-	365 78	
							8086 41	
		Prime 12·50 ₱ mille				-	101 08	
							8187	49
3500 Piastres à Colonnes @ 5·37						- -	18795 00	
5000 Piastres Mexicaines ,, 8·39						- -	26950 00	
							45745	00
		Ensemble				- - - Frs.	73880	07
		Frais à déduire						
Frais à Calais						- - - - - Frs.	27 70	
Port de Calais à Paris						- - - - -	85 75	
Essais, Balancés, et Frais divers						- -	52 20	
Commission, ¼ %						- - - - - -	184 70	
							350	35
		Net Produit				- - - Frs.	73529	72

Paris, Octobre 23me, 1900.

By the laws of France, the kilogramme of gold of the purity of 9-10ths, or 900 millièmes fine, is coined into pieces of money worth 3,100 francs, and the same weight of silver of the same fineness, into 200 francs; and by a decree of 22nd March, 1854, the charges to be made, as the expense of fabrication, to persons bringing these metals into the Mint to be coined, were fixed for

Gold, at Fr. 6·70 (from 1835 to 1854, 6 Francs),
Silver, „ 1·50 („ „ „ 2 „),
℔ Kilogramme of the standand purity.

A charge of this nature, or for the coinage of gold or silver, is technically called a brassage or seignorage.

These deductions being made from the preceding or mintage rates, give Fr. 3,093·30 for gold, and Fr. 198·50 for silver, as the tariff rates per kilogramme, 900 millièmes fine; the latter rate being exactly 22 centimes for each millième in the purity of silver.

Bars of silver containing gold bear, as in this country, a higher price or premium than those which are without it; and, in the valuation of this gold, 1 millième is allowed for the expense of refining, being equal to $5\frac{3}{4}$ grains in the pound troy. The rest is charged for, as if pure gold, at the tariff rate (between 1835 and 1854) of Frs. 3,437·77 per kilogramme. Gold in bars is now negotiated at Frs. 3,437·00 fine (new tariff), and silver at Frs. 218·89 fine (old or commercial tariff).

The calculation for the gold in this Account-Sales is thus made, the weight of the bars being 35·467 kilogrammes, and charge being made for 3 millièmes of gold:—

K. 35·467 × 0·003 = K. 0·106401
Frs. 3437·77 × 0·106401 = Frs. 365·78

The following is an Account-Sales of coal sold by a factor for account of a colliery:—

1st June, 1899.—London, Entered on 25th May; Sold 24th May; Cleared 25th May.—Meter, John Smith.

THE BLANK COLLIERY CO., Account-Sales of the Ship *Jane*.—John Thompson & Co.

Dr. *Cr.*

To Night Office, Entry and Foy						By COALS sold					
To Trinity Dues, etc.											
To Tonnage Dues and Entry											
To City Dues on tons						Tons,	Cwt.	With Metage.	£	s.	D.
To Metage on tons											
To 1 per cent. Tret allowed to Buyers											
To Discount, Scorage and Expenses											
To Note and Receipt Stamps											
To Commission and Guarantee											
To Freight on Tons, @ per Ton }											
To do. Extra @ per Ton }											
To Insurance on £ per cent.											
To Interest											
To Balance per			£					E. & O. E.	£		

Pro Formâ Accounts.

Pro formâ means for the sake of form, and Pro Formâ Accounts are statements showing what it is considered, in the current state of the market, goods would realise. The accounts are of course in the same form as those used for actual transactions, except that the price and the charges are either estimated or they are copied from documents already used for transactions that have taken place. They are headed *pro forma*, to show that they are only to be considered as specimens, and that the prices shown might or might not be obtained. Thus, we are often asked for Pro Formâ Invoices when a merchant desires to know what are the prices and charges on goods, and Pro Formâ Account-Sales when it is required to know what a proposed adventure or consignment of goods would realise in some particular market.

Discount.

Discount is an allowance for paying money before it is due; or it means a reduction from the amount of an account, or from the price of an article, and it is usually considered to be given in return for a prompt cash payment. But it has other meanings in commerce. The manufacturer's prices of some goods, especially in the hardware trades, never vary, but it is the discount upon them that is made to alter, and it amounts in some cases to 75 per cent. or more; and it is common to see such discounts as 60 per cent., 10 per cent., 5 per cent.

and $2\frac{1}{2}$ per cent., all taken from one account, in the order named.

As referring to bills of exchange, discount may be defined as the difference between the value of money paid at once and money payable a certain time hence; and, of course, the rate of discount to be charged on a bill will vary according to the time which will elapse before the bill matures or becomes due. When we speak of the Bank Rate being 3 per cent. it is understood to be for good bills having not more than three months to run; longer bills are rarely discountable except at higher rates. (See Discounting a Bill.)

To Calculate Discount.

Rule.—To find the discount at any given rate per cent. multiply the sum by the rate per cent., and divide the product by 100.

Example.

What is the discount on £154 12s. 6d. @ 3 %?

```
£154 12  6
         3
-----------
4,63 17  6
  20
-----
12,77
   12
-----
 9,30
= £4 12s. 9d.
```

When dividing by 100, it is only necessary to point off two figures from the right, as shown in the above example.

Percentages.

Percentages for discount or interest are calculated by multiplying the given sum by the discount or interest required, and dividing the product by 100, which gives either the discount or the interest for one year.

Example.

What is the interest for one year on £154 12s. 6d. @ 3 °/₀?

```
£154 12  6
         3
-----------
4,63 17  6
   20
-----
12,77
    12
-----
 9,30
= £4 12s. 9d,
```

Per cent. is always written °/₀; thus 5 °/₀.

When dividing by 100, it is only necessary to point off two figures to the right, as shown above.

The rules for *mental* calculations of percentages are given on the following pages.

The easiest way of calculating interest on any sum, *for any number of days*, at a given rate per cent., is explained on page 47.

Interest.

Interest is the premium paid for the use of money, and the rate of interest to be paid may be fixed by agreement, or it may vary according to the current value of money in the market during the time the debt may be running.

The Bank of England Rate of Discount is the standard which usually regulates interest on money transactions

in London, but merchants often charge their debtors more, and London bankers usually allow their depositors less, than the official Bank Rate.

Of course the interest to be charged a debtor will vary according to the security he offers for the repayment of the principal, and according to the time for which he may require the loan.

Some articles of commerce are dealt in for payment in fourteen days or thirty days after delivery, and in such cases, when a prompt cash payment is made, it is usual to allow the fourteen days' or the thirty days' interest at 5 per cent. per annum.

Simple Interest.

It is called Simple Interest when the interest due is not added to the sum lent so as to bear interest.

For the convenience of merchants, tables of various rates of interest have been published, but when these are not obtainable the following is the easiest and quickest method of calculating interest on any sum, for any number of days, at any rate per cent. :—

Rule.—Multiply the principal by the days, and by double the rate per cent., and divide by 73,000.

Example.—Find the interest on £1,500 for 120 days at 4 per cent.

£1,500 × 120 × 8 ÷ 73,000 = £19 14s. 6d.

Compound Interest.

Compound Interest is where the interest on money is added to the principal, and then considered as a part of it, so as to bear interest itself.

Rule.—Find the interest due on the principal for one year and add it to the principal, consider the result as a new principal and proceed as before.

Example.—What is the compound interest on £200 for 3 years at 5 per cent. per annum?

	£200	0	0	principal.
interest	10	0	0	for first year.
	210	0	0	principal for first year.
interest	10	10	0	for second year.
	220	10	0	principal for second year.
interest	11	0	6	for third year.
	231	10	6	
Deduct	200	0	0	principal.
	£31	10	6	the compound interest required.

Shipping Specifications.

A shipping specification is a form on which are furnished, for the information of the Customs authorities, details of cargo on board a ship. Each shipper of goods furnishes a specification of the goods he has placed on board ship, and all specifications are required by law to be delivered at the Custom House within six days after the clearance of the vessel under a penalty of £5, and when these documents are not presented within due time the parties at fault are apprised by the Custom House of the infringement of the law, and they are requested to at once supply the omission and state the cause of the delay, and when this is considered satisfactory no fine is imposed.

The Customs forms used for the clearance of goods vary both in colour and in wording, but we give examples of the specification forms used for foreign goods free of duty, and for British and Irish goods.

Example of a Specification for Foreign Goods free of Duty.

No. 30 (Sale)

* SPECIFICATION for Foreign Goods free of Duty, or on which all Duties have been paid.

Port of _____ Ship's Name _____ Master, for _____

Date of Final Clearance of Ship _____

* This Specification of Goods exported must be delivered to the proper Officers of Customs within six days from the time of the final clearance of the Ship, as required by the Customs Laws.

Marks.	Nos.	Number and Description of Packages.	Quantity and Description of Foreign Goods, in accordance with the requirements of the Official Import List.	Value* (f.o.b.)	Final Destination of the Goods.
			Total ...		

* The "f.o.b." or free on board, value should be given.

I declare that the particulars set forth above are correctly stated.

(Signed) _____ †

Dated _____ 190 (Countersigned) _____

(Address) _____ *Officer of Customs.*

† Adding Exporter, or Agent, as the case may be.

4

Example of a Specification for British and Irish Goods.

* SPECIFICATION for British and Irish Goods only. (No. 706.)

Port of _____ Ship's Name _____ Master, for _____

Date of Final Clearance of Ship _____

* The Specification of Goods exported must be delivered to the proper Officers of Customs within six days from the time of the final clearance of the Ship, as required by the Customs Laws.

Marks.	Nos.	Number and Description of Packages.	Quantity and Description of British and Irish Goods, in accordance with the requirements of the Official Export List.	Value.	Actual Destination of the Goods.
			Total ...		

I declare that the particulars set forth above are correctly stated.

(Signed) _____ †

Dated _____ 190 . (Address) _____ (Countersigned) _____ *Officer of Customs.*

† Adding Exporter, or Agent, as the case may be.

Example of a Price Current.

WHITE, BLACK & CO.'S Price Current, 6th September, 1900.

	Present Prices.	Discount.	
COPPER. — Sheets and Sheathing - - -	£84 0/- ₩ Ton	2½°/₀	
Sheets, 4 × 4 - - -	83 0/- ,,	,,	f.o.b., London or Liverpool.
Yellow Metal Sheets, 4 × 4	6¾d. ₩ lb.	,,	
,, ,, Sheathing -	7½d. ,,	,,	
Chili & Gmb. (Warrants)	£73 0/- ₩ Ton	,,	in whse., L'pool.
Tough Ingot - - -	77 10/- ,,	,,	f.o.b., London or Liverpool.
Best Selected Ingot -	79 0/- ,,	,,	
Composition Nails - -	8½d. ₩ lb.	,,	
ZINC.—Sheet zinc, best brands - - - -	£24 0/- ₩ Ton	Net.	f.o.b., Antwerp.
,, in discs -	27 0/- ,,	,,	,, ,,
,, perforated -	2/8 ₩ Sheet	2½°/₀	f.o.b., London.
Hard Spelter, g.o.b.s. -	16 15/- ₩ Ton	Net.	f.o.b., L'pool.
Virgin ,, - - -	19 5/- ,,	,,	c.i.f., London or Hull.
,, ,, special brands	19 15/- ,,	,,	
Remelted Spelter - -	18 10/- ,,	,,	f.o.b., Hamburg.
TIN.—Foreign (Warrants) -	136 10/- ,,	,,	in whse., London
English Ingots - -	140 10/- ,,	1¼°/₀	f.o.b., London or Liverpool.
,, Bars (4-cwt. Barrels) - - - -	141 10/- ,,	,,	
TIN PLATES, IC Coke - -	15/0 ₩ Box	3°/₀	f.o.b., L'pool.
,, ICW ,, tin lined	15/0 ,,	,,	,, ,,
,, IC Charcoal -	16/6 ,,	,,	,, ,,
QUICKSILVER - - -	£9 5/- ₩ Bottle	,,	in whse., London
LEAD.—L.B. Pig- - -	18 10/- ₩ Ton	2½°/₀	f.o.b., London.
Spanish Pig - - -	17 15/- ,,	,,	c.i.f., London.
Sheets - - - -	19 0/- ,,	,,	f.o.b., London.
Pipe - - - -	19 10/- ,,	,,	,, ,,
Shot - - - -	22 0/- ,,	,,	,, ,,
Tea Lead—5 oz. - -	21 10/- ,,	,,	,, ,,
Type Metal, No. 1 - -	33 0/- ,,	,,	,, ,,
NICKEL.—Cube - - -	2/0 ₩ lb.	Net.	,, ,,
GERMAN SILVER.—Electric brand			
1st quality (Sheets & Wire)	13d. ₩ lb.	2½°/₀	,, ,,
3rd ,, ,,	11½d. ,,	,,	,, ,,
5th ,, ,,	9¾d. ,;	,,	,, ,,

15 CANNON STREET, LONDON, E.C.

Price Currents.

A Price Current is a printed form issued periodically by dealers, brokers, merchants and others to customers in their trade, showing the present current or ruling prices of goods they deal in. The specimen shown on the previous page is a form used in the Metal Trade, and, as will be seen, it shows the day's prices, the discounts and the usual places where delivery is made, so that intending buyers may see the tendency of quotations—whether upwards or downwards—of all articles they are interested in.

Circulars and Market Reports.

A Circular or Market Report is a letter, printed in the form of an address, sent out daily, weekly, or at other regular intervals, by dealers, brokers, merchants and the like, to all their customers, showing the ruling prices of goods and indicating the general trend of the market or the prospects of the articles dealt in, and the probabilities of any rise or fall in values.

The following is a copy of the sort of circular used in the Metal Trade :—

Example of a Circular.

WILLIAMS & GRANT'S MONTHLY IRON AND STEEL CIRCULAR.

10 Wood Street,
Liverpool, 10*th October*, 1900.

	£ s. d.	£ s. d.	
Welsh Bars -	9 0 0 to	9 5 0	f.o.b. Wales
North of England Bars -	9 0 0 ,,	9 5 0	,, E. Coast
Staff.,, Crown Bars -	9 7 6 ,,	9 10 0	,, L'pool
Staffordshire "List" Bars -	9 10 0 ,,	9 15 0	,, ,,
Rolled Rods -	11 10 0 ,,	12 0 0	,, ,,
Coopers' Hoops -	10 0 0 ,,	10 2 6	,, ,,
Baling Hoops -	9 15 0 ,,	10 0 0	,, ,,
Steel Baling Hoops	10 0 0 ,,	10 2 6	,, ,,
Common Sheets -	10 0 0 ,,	10 15 0	,, ,,

	£ s. d.	£ s. d.	
Common Plates -	8 10 0 to	8 15 0	f.o.b. L'pool
Best Plates -	9 0 0 ,,	9 5 0	,, ,,
Pig Iron, No. 1 Scotch -	3 15 0 ,,	4 5 0	,, ,,
Pig Iron, No. 1 Middlesbro' -	3 15 0 ,,	4 0 0	,, ,,
Tin Plates, I.C. Coke 106/108 lb.	0 14 6 ,,	0 15 6	Lighter Weights at Lower Prices.
Tin Plates, ICW. Coke, 106/108 lb.	0 12 6 ,,	0 12 9	Lighter Weights at Lower Prices.
Tin plates, IC. Charcoal, 106/108 lb. -	0 15 6 ,,	0 16 0	Lighter Weights at Lower Prices.

Since the issue of our Quarterly Circular of 11th July there have been important changes in the IRON and STEEL trade, not only in this country, but more especially in the UNITED STATES. The tide of prosperity which had been running so long appears to have touched high water mark about the month of April, as prices receded after that period. In America the fall was much more rapid than in England, and this quickly brought them into position to compete for business against our English makers. The price of Pig Iron fell between April and September from $25 to $14½, whilst in England the fall did not exceed 15 shillings, as against over 40 shillings in the United States. Steel in the form of Blooms, Billets, and Tinplate Bars suffered even a greater fall, and prices nearly approached those ruling in 1898.

WILLIAMS & GRANT.

Contract Notes.

Contract Notes are issued when one person has bought goods of or sold goods to another, and they are issued so that the terms and conditions of the purchase or sale may be definitely stated and agreed upon. The three following examples contain the wording generally used by merchants and brokers here, but the printed forms will of course vary somewhat for any special trade :—

Example of a Contract Note.

W. G. CORDINGLEY,
Metal Merchant & Agent.

85 Gracechurch Street,

Telegraphic Address :
"CORDWAIN, LONDON."
A B C & A 1 Codes used.

London, E.C. _____ 19 ___

M _____

_____

I have this day (Bought of or Sold to) you on customary terms and conditions :—

Quantity _____

Description _____

Price _____

Delivery _____

Discount _____

Packing _____ Mark _____

Payment _____

_____

_____

_____

Example of a Contract Note with a Prompt.

W. GEORGE & CO.

23 Gracechurch Street,

London, E.C. _____ 19 ___

M _____

_____

We have this day (Bought of or Sold to) you on customary terms and conditions :—

Quantity _____

Description _____

Price _____

Delivery _____

Discount _____

Prompt _____

Payment _____

_____

_____

_____

Prompt means the time fixed for payment. The prompt date varies in all trades according to the goods dealt in, and when the prompt date arrives a delivery order or a warrant will be tendered for the goods by the seller, when they must be taken up and paid for.

Example of a Broker's Contract Note.

GEORGE WILLIAMS & SON,
Brokers. 85 QUEEN STREET,

LONDON, E.C._____19 .

M_____

_____

We have this day (bought of or sold to) you on account of our Principals :—

Quantity_____

Description_____

Price_____

Delivery_____

Discount_____

Prompt_____

Payment_____

Commission (or Brokerage)_____

_____

Brokers of all goods usually give up the names of their Principals, and when they do so their contracts on each side would read :—

We have this day (bought of or sold to) you on account of our Principals, Messrs._____

ORDER SHEETS.

General merchants, as a rule, do not use contract notes, but send out order sheets for all the goods bought by them. They are usually in printed form, and contain any special conditions the merchant desires shall be complied with.

The following is a common form :—

Example of an Order Sheet.

From B. FLOWER & CO. 15 LEADENHALL STREET,

ORDER No. 658. LONDON, E.C., 21*st Dec.*, 1901.

To Messrs. JAMES TAYLOR & CO.,
Swansea.

Below we hand you an Order to be executed in strict conformity with the prices and instructions given, any deviation from which will be at your risk, unless referred to and authorised by us.

Net and Gross weights of each class of goods, and measurements of each package, to be stated on Invoices, of which Two Copies besides the Original must be supplied.

Order No. and Mark to be put on all Invoices and communications referring to this Indent.

MARK.

M. & C.

C A L S
Madras.
1/20

10 Tons Copper Sheets: Size, 4′ × 4′,20 to 30 equally assorted packed in cases of 10 cwts. each, @ £65 15s. per ton overhead, less 2½ °/₀ and 1 °/₀ and 14 days' int. @ 5 °/₀ p.a., f.o.b., B'head., packing in cases 20/- per ton extra.

Shipment in 4 weeks. Instructions on application.

B. FLOWER & CO.

Please acknowledge receipt of this Order, and state date when Goods will be ready.

CONFIRMATION NOTES.

At the foot of an order sheet, and some contract notes, is a perforated form, or, where this form is not attached, a printed slip is usually sent with them, called a confirmation note, by the signing of which the party to whom the order is sent confirms or agrees to the order with the terms and conditions named therein. Besides which a signed confirmation note is a proof that the party has received the order.

Example of a Confirmation Note.

_____ 190 .

Messrs. BLANK & CO.,
London.

Dear Sirs,

We beg to acknowledge receipt of your Order No.
dated the inst., which we hereby confirm.

Yours faithfully,

_____

Some merchants do not issue confirmation notes, but always ask a manufacturer to "confirm the order by return," when, of course, the manufacturer uses his own printed form, somewhat as follows :—

Example of a Manufacturer's Confirmation Note.

BLANK WORKS,
BIRMINGHAM, _____ 190 .

Messrs. _____

Dear Sirs,

We thank you for your valued Order of the
inst., which shall receive our best and prompt attention.
Soliciting a continuance of your esteemed commands,

Yours truly,
THOMAS BAKER & CO.

SHIPPING PARCELS RECEIPT.

Shipbrokers do not usually sign a Bill of Lading for less value than 10s. 6d., and when small packages or samples of goods do not exceed £5 in value, they are generally shipped on a parcel's receipt at a charge of 5s. But there is usually a condition that, where the measurement of a case at current rates would exceed 5s. in freight, the parcel's receipt would be charged at 10s. 6d. The following is a copy of a ship's parcel receipt :—

Example of a Ship's Parcel Receipt.

No. 868. LIVERPOOL, _____ 190 .

Received from M. _____

for shipment on board the Steamship _____

Captain _____ bound for _____

_____ marked _____ No. _____

Addressed _____

Consignees _____

Containing _____

Freight _____ shillings and _____ pence, paid here.

Contents and value unknown. The Company will not be responsible for the act of God, the King's Enemies, Fire on Shore or Afloat, or any other dangers and accidents of the Seas, Rivers and Steam Navigation. All parcels must be applied for to the Agents of the Company at the Port of Delivery, and if subject to Duty must be entered from the Custom House in the usual manner by the parties to whom they are addressed. The Company will not be answerable for any Package in case of Loss beyond the value of One Pound unless by special agreement; or the package having been booked and paid for accordingly.

JOHNSON & CO., Agents,

per _____

This Receipt must be presented by Consignees to Agents of Steamer at Port of Destination.

Surveys.

A survey is often appointed on the other side where a buyer makes a claim on or rejects certain goods *ex* ship, when they are not up to sample, or when they have been damaged in transit, and, in such cases, it is usual for him to appoint a person in the same trade to inspect and report on the goods, so that the claim made upon them may be supported by independent evidence. The result of the survey is embodied in a survey report somewhat as follows, but of course the actual wording of the report will depend upon the circumstances connected with each case :—

Example of a Survey Report.

I, James Green, a British Merchant in Bombay, have, at the request of Messrs. Black & Co., this day inspected :—

| A B |

Bombay 1/50 = 50 Cases Tin Basins, *ex* "King" s. @ London and now lying at Blank Wharf

I find on examination that the contents of cases # 1/20 are badly damaged and bent, and I estimate the damage on them at Rs.4 per case.

I also find that

Case # 35 was broken owing to its not being securely hooped, and the contents were so damaged and bent out of shape as to make them almost worthless. I estimate the damage to the goods in this case at Rs.7 per case.

Dated in Bombay this 3rd day of January, 1901.

JAMES GREEN,
of the firm of
J. GREEN, SON & CO.

Received the Survey Fee of Rs._____

Bonded Goods.

When a merchant imports dutiable goods, he does not always sell them to arrive, and, if he paid the duty of all unsold goods upon their importation, he would require

to sink a very large amount of capital, for such goods at times remain on hand for years. A system has therefore been arranged by which an importer of dutiable goods can, by signing a bond that he will pay the duty when the goods are cleared for consumption, land and warehouse the goods in a Government warehouse, or one of the bonded warehouses or vaults, without paying the duty until the goods are required for use, when the goods are said to be In Bond. The place where they are stored is known as a Bonded Warehouse or a Bonded Vault, and they are handled or sent from place to place by bonded carmen, who are licensed by the Customs, as all goods liable to duty are only removed under the superintendence of the Customs officials, who either go with the goods, or send them in locked vans under Crown locks and keys.

Delivery Order.

A delivery order is an authority to obtain goods lodged at a wharf or warehouse by the importer or owner, and it must bear a 1d. stamp. Merchants usually have their delivery orders printed in books (each order being numbered and bearing their name) so that the counterfoil may be filled in to show for what goods each order has been used, each order, of course, being torn from the counterfoil and issued after it has been filled in with the particulars required. Delivery orders are negotiable and are transferable by endorsement. The following is the usual form of book used when a delivery order is issued against goods which have been put on warrants, and the warrants have been lodged, so that delivery orders may be issued against them :—

Example of a Delivery Order.

85 GRACECHURCH STREET,
LONDON, E.C. 19

No. 1.

To the Superintendent:—

Please deliver to .....
the undermentioned Goods, entered by .....
on ..... *in the Ship* .....
Captain ..... *from* .....
Charges .....

MARK.	No.

No. 1.

W. G. CORDINGLEY.

To .....
Deliver to .....
Entered by .....
On .....
In the .....
Captain .....
From .....
Charges .....

How to Endorse a Delivery Order.

A delivery order made out to Alfred Bird & Co. or "Bearer" does not require endorsement, and such an order is generally used by firms who have their own carts and carmen.

A delivery order made out to Alfred Bird & Co. or "Order" will require this firm's endorsement, as follows, before the goods can be obtained, or the order given by them to another party, and the endorsement here shown is known as a blank endorsement.

Example of a Blank Endorsement on a Delivery Order.

ALFRED BIRD & CO.

The goods will now be deliverable to bearer, and the delivery order could be passed on from hand to hand without further endorsement.

If Alfred Bird & Co. (to whom or "Order" we will assume the delivery order is made out) wished a carrier or carman to collect and deliver the goods for them

—say, Carter, Paterson & Co.—they would endorse the order :—

Please deliver to
Carter, Paterson & Co.'s Van or Cart.
ALFRED BIRD & CO.

and give the carmen separate instructions where to deliver the goods.

If Alfred Bird & Co. did not actually want the goods at the moment (or only wanted a part of them), they would endorse the order :—

Please hold to
our order.
ALFRED BIRD & CO.

when they could issue further delivery orders against it as goods were from time to time required by them in smaller lots.

Or if they wished to obtain a warrant for the goods in their own or in another person's name they would blank endorse the order :—

ALFRED BIRD & CO.

and lodge it with the wharfinger, asking him to make out a warrant in the name desired, and when issued the warrant would require the endorsement of the party named upon it.

If Alfred Bird & Co. wished the wharfinger or the warehouse-keeper to ship the goods, or deal with them in any special manner, they would write their instructions in a letter, which would be sent with the delivery order, and endorse the order as follows :—

Please deliver as per
our letter of this date.
ALFRED BIRD & CO.
3rd Jan., 1901.

Or

Please deliver as per
instructions herewith.
ALFRED BIRD & CO.

If Alfred Bird & Co. wished to transfer the goods to

Peak, Bean & Co., they would endorse the order:—

Please deliver to
Messrs. Peak, Bean & Co.
ALFRED BIRD & CO.

when the order would require Peak, Bean & Co.'s signature, blank endorsed, as follows, before they could obtain delivery of, or transfer the goods:—

Please deliver to
Messrs. Peak, Bean & Co.
ALFRED BIRD & CO.
PEAK, BEAN & CO.

And here again the order becomes deliverable to bearer, but if Peak, Bean & Co. wished to transfer the goods to John Brown, and obtain his signature, they would endorse the order:—

Please deliver to
Messrs. Peak, Bean & Co.
ALFRED BIRD & CO.
Please deliver to
John Brown.
PEAK, BEAN & CO.

when the order would require John Brown's signature,

either in blank, or in favour of another, in the same manner as the examples shown above, the order thus passing from hand to hand either in blank, or in favour of a named assignee, according to the wishes of the last holder.

Indents.

An indent is an order for goods, sent from the other side of the water, containing full particulars as to the execution of the order and the terms and conditions upon which it is given. In India, when a native wishes to buy certain goods, he goes to one of the European houses established there, and tells them his requirements. They thereupon make out an indent fully specifying the goods he requires, and he signs his name at the bottom of the writing as agreeing to the purchase being made on his behalf. He is then called by them an indentor because he indents to them, by signing his name at the foot of the indent, the goods he requires.

This indent, or a copy of it, is then sent to the English or the Continental House (or, where the Indian house has no European branch, to their agent or correspondent) to be executed, and when, as mostly happens, a limit is named, as, so much "Free Bombay Harbour," the order must not be accepted here unless it can be done at the price named.

When the merchant has sent out his enquiries and finds from the prices ruling here that the limit named is too low to permit of the order being executed, the indent is "referred back" for an increased price, and it is common for an indent to travel backwards and forwards in this way many times before it is executed.

Example of a Bombay Indent.

Indent No. 201. BOMBAY, 30th-Nov., 1900.

Code Word, "Mahomed".

Indentor, Mr. ALLY BHOY.

MESSRS. ALLY MAMOOJEE & CO., BOMBAY.

DEAR SIRS,

We hereby request you to transmit to your Agents or Correspondents in Europe the following order for execution on our account and risk, subject to the Terms and Conditions herein specified:—

1.—It shall be optional for your Agents to execute and ship, either wholly or in part, this order, or cancel it altogether.

2.—The order is to remain in force for days after its receipt by your Agents.

3.—Freight and Insurance are to be secured on the most favourable terms, effecting shipment as under, and providing Insurance for 20 °/₀ over Invoice value for f.p.a., sending the Policy attached to the other Shipping Documents, as usual.

4.—We hereby agree to accept your Agents' Invoice with Commission @ 2½ °/₀ and all other charges included in the price.

5.—We hereby authorise your Agents to draw upon us for the cost of the goods at 30 days' sight, at the current rate of Exchange, or in Sterling Money payable here at the current rate of Exchange for Demand Bills on London with interest at the ruling rate in London from the date of the Bill to the approximate date of the Remittance reaching London or for the amount of the Invoice against Shipping Documents, to which we bind ourselves to give due honour, but in default of our accepting on presentation or paying at maturity your Agents' draft upon us as above, to do so yourselves on our account, the intent and purport of this Agreement being to place you in the same position as if the acceptance had been made by us, and further to sell the goods or Documents on our account and risk, either by Public Auction or Private Sale as you may think fit, to enable you to recover the amount of any deficiency in consequence arising, in a summary way, and we agree not to raise any dispute whatever in respect to your actions in the matter, but hereby undertake to make good the amount of such deficiency, together with the expenses incurred thereon here, your Paying and Selling Commission at 5 °/₀ and interest at 9 °/₀ per Annum, waiving all advantage thereon, but should the goods arrive before the Bill falling due, we agree to retire the same in the usual manner or to pay cash before delivery of the Goods if required.

6.—You or your Agents shall not be held responsible for any damages for early or late arrival of the Goods, but it shall be optional for you to allow us to accept the goods or take over the same for yourselves or for account of your Agents. For any alteration in this indent as to time or confirmation taking place after the date hereof the time of shipment is understood to be extended accordingly. If for want of Conveyance the goods could not be shipped by the stipulated time the earliest opportunity availed of to be considered as in due time no objection to be taken.

7.—In case of dispute whatsoever affecting the goods ordered herein, you are at liberty to take over the goods, or have the matter referred to the arbitration of two Practical European Merchants (to be approved of by you) who shall determine the point in dispute, and make such pecuniary or other allowance as may be just and equitable to all concerned, and their decision shall be final and binding on all the parties concerned, including your Europe Agents. Should the Arbitrators disagree, they may nominate an Umpire, and his decision shall be final and equally binding the party against whom the decision may go shall pay the cost of the reference and decision, we hereby agreeing to take the goods in accordance with such decision. No dispute whatsoever in respect to the Goods could be raised, unless the bill is accepted and paid by us, otherwise you are at liberty to proceed as provided in Clause V.

8.—The risk of Voyage or Transit or Damage caused to the goods to be borne by us.

9.—Any writing in the Vernacular language besides the Signature will be considered null and of no effect.

10.—No decision adverse to your Agents to be carried into effect until they have received full particulars of such decision by Mail, and replied thereto agreeing to the claim.

MARK $\frac{\text{RD.}}{\text{Bombay.}}$

(600) *Six hundred barrels of Rosin, F. quality, as usually sent, each barrel to weigh about 4 to 5 cwts. To be shipped by direct steamer from America.*

Limit at £4 10s. to £4 15s. per ton, F.B. Harbour, less ⅛th the Fare allowed as usual.

Shipment to be made in 3 lots, i.e., 200 barrels at a time. First lot by steamer in January or thereabouts, and the other lots by subsequent steamers at an interval of about 6 to 8 weeks or later if possible.

ALLY MAMOOJEE & CO.

Please keep this order open in your hands for 15 days, and on placement wire the word "Mahomed," so that we may send you further orders.

N.B.—Please note the terms for drawing.

Enquiries.

Having received an indent, the merchant will send out enquires for the goods to the various manufacturers in the kingdom, on a form somewhat as follows :—

Example of an Enquiry Form.

ENQUIRY.

Telegraphic Address: "CORD, LONDON."	_____189
From W. G. HINES & CO., 73 GRACECHURCH STREET, LONDON, E.C.	*To* _____

Please quote us your lowest price for the following, stating the earliest time you could deliver f.o.b. Birkenhead :—

Another Example.

ENQUIRY 6237.

Telephone No. 4289 Avenue. Address for Telegrams: "Bilton," London.	_____1900.
From H. J. BILTON & Co., Steel & Hardware Merchants, 112 LIME STREET, LONDON, E.C.	*To* _____

Please quote us per return of post certain your lowest inclusive or overhead price, open firm for reply within 21 days d/d f.o.b. London, Liverpool and Glasgow, with your best cash discounts for—

Kindly state when you could deliver.
Be good enough to mention our reference or Enquiry No.
Please advise us approximate weight.

Quotations.

In due time he will receive his various quotations from the manufacturers on forms as follows :—

Example of a Quotation Form.

QUOTATION.

Telegraphic Address: "WHIP, SWANSEA."	_____189
From THE BLANK TIN PLATE CO., PARK WORKS, SWANSEA.	*To* _____

In reply to your esteemed enquiry of the _____ inst., we have pleasure in quoting you as follows, and shall be glad if you can favour us with the order :—

Open for reply on the _____ inst.

The object of sending out enquiries is to get the lowest possible quotation, as competition prevents all makers from asking the same price, and, further, as an indent usually gives a limit delivered Bombay harbour, a difference even of a few pence will prevent an order "coming through."

When the quotations have all come in, the merchant will look through them and select the one most suitable, giving instructions for an order sheet to be made out for the goods. All merchants have their own particular wording suitable for their particular trade or requirements, but the following is a common form :—

Example of a Merchant's Order Sheet.

From B. FLOWER & CO. 15 LEADENHALL STREET,

LONDON, E.C._____190 .

ORDER No.

To_____

_____

Below we hand you an Order to be executed in strict conformity with the prices and instructions given, any deviation from which will be at your risk, unless referred to and authorised by us.

Net and Gross weights of each class of goods, and measurements of each package, to be stated on Invoices, of which Two Copies besides the Original must be supplied.

Order No. and Mark to be put on all Invoices and communications referring to this Indent.

MARK.

Please acknowledge the receipt of this Order, and state date when Goods will be ready.

CONSIGNMENT.

As soon as the goods are ready at the works the manufacturer will write to us to that effect, and ask for consignment—that is, instructions as to their disposal, and if we wished to attend to the shipment ourselves we should probably want the goods at Poplar Station, and should write the manufacturer a memo. as follows:—

Example of a Consignment Note.

Order No._____dated_____for_____

Please forward at once to Poplar Station, London, to our order.

A. B. & C.

Some firms have their instructions in printed form with blanks for the necessary particulars to be filled in. Of course no set wording is required, the object being to get the goods here to our order at some convenient railway station for shipment.

RAILWAY ADVICE.

As soon as the goods arrived here, we should receive a notice from the Railway Company, called a railway advice, in the following form:—

Example of a Railway Advice.

GREAT WESTERN RAILWAY.

(3109)

_____STATION,_____190

ADVICE OF GOODS.

M_____

The undermentioned Goods, consigned to you, having arrived at this Station, I will thank you for instructions as to their removal hence as soon as possible, as they remain here to your order, and failing immediate removal will be held by the Company NOT AS CARRIERS, BUT AS WAREHOUSEMEN, subject to the usual warehouse or wharfage charges.

WHEN YOU SEND FOR THE GOODS, PLEASE TO SEND THIS NOTE.

No delivery effected after Six o'Clock in the Evening.

The Directors require the Carriage to be PAID ON DELIVERY, unless the Consignee has a Ledger Account with the Company. Any objections as to Weight or Charges must be made within Three days from the date of delivery of this Note.

For the GREAT WESTERN RAILWAY COMPANY,

(SEE BACK.) *Signature*,_____

INVOICE No.	FROM	DESCRIPTION OF GOODS.	MARKS.	WEIGHT. T.	C.	Q.	LB.	RATE.	PAID ON. £	s.	d.	TOTAL TO PAY. £	s.	d.

This Notice must be produced when the Goods are applied for.

On the reverse side is:—

GENERAL CONDITIONS.

1.—The Company will not be liable for loss of or injury done to any goods, matters or things described in the Carriers Act, 1830, unless the particular articles and the value thereof be declared, and an increased charge over and above the charge for carriage be paid as compensation for the risk incurred.

2.—In respect of any animals, luggage or goods booked through by them or their Agents for conveyance, partly by railway and partly by sea, or partly by canal and partly by sea, the Company shall be exempted from liability for any loss damage or delay which may arise during the carriage of any such animals, luggage, or goods by sea, from the act of God, the King's enemies, fire, accidents from machinery, boilers, and steam, and all and every other dangers and accidents of the seas, rivers, and navigation, of whatever nature and kind soever, in the same manner as if the Company had signed and delivered to the consignor a bill of lading containing such conditions.

3.—No claim in respect of goods, for loss or damage during the transit, for which the Company may be liable, will be allowed unless the same be made in writing within three days after delivery of the goods in respect of which the claim is made, such delivery to be considered complete at the termination of the transit as specified in the next Condition.

4.—The transit shall in no case extend beyond (*a*) the time when goods carted by the Company are unloaded or tendered at the address to which they are consigned; or (*b*) the expiration of 24 hours after notice of arrival of the goods, posted by the Company, is due for delivery to the consignee in the ordinary course of post, or notice of arrival is given to him personally or delivered at his address.

5.—After the termination of the transit as defined in Condition 4, the Company will thenceforth and subject to these conditions hold the goods as warehousemen, subject to the usual charges.

6.—After the termination of the transit, goods carried or conveyed by the Company will be subject in addition to the charge for carriage to further charges for demurrage of 3s. per truck per day, and 1s. per sheet per day, or in the case of such goods as are unloaded from the truck, to reasonable charges for rent or services performed, until they are removed from the Company's premises; and similar charges will be made with respect to goods the delivery of which cannot be effected by the Company, in consequence of incorrect or insufficient address. Provided that no such charges shall be made if the Company have not given proper opportunity for the removal of the goods or the discharge of the truck. When specially constructed trucks are used, 6s. per truck per day demurrage will be charged on trucks constructed to carry 15 tons and under 20 tons; 12s. per truck per day on trucks capable of carrying 20 tons and under 30 tons; and 20s. per truck per day on trucks capable of carrying 30 tons and above.

7.—Consignors ordering trucks and failing to load and order them away within 24 hours after such trucks shall be ready for loading at the station or siding to which they were ordered, will be subject to charges of 3s. per truck per day, and 1s. per sheet per day, for demurrage, for every day or fraction of a day they shall be detained after the expiration of such 24 hours. When specially constructed trucks are ordered, 6s. per truck per day demurrage will be charged on trucks

Continued from page 75.

constructed to carry 15 tons and under 20 tons; 12s. per truck per day on trucks capable of carrying 20 tons and under 30 tons; and 20s. per truck per day on trucks capable of carrying 30 tons and above.

8.—All goods delivered to the Company will be received and held by them subject to a lien for money due to them for the carriage of and other charges upon such goods, and also to a general lien for any other moneys due to them from the owners of such goods, upon any account, and in case any such lien is not satisfied within a reasonable time from the date upon which the Company first gave notice to the owners of the goods of the exercise of the same, the goods may be sold by the Company by auction or otherwise, and the proceeds of sale applied to the satisfaction of every such lien and expenses.

9.—All perishable articles refused by the consignee, or at the place to which they are consigned; or consigned to a place not known by the Company's agents or servants, or insufficiently addressed, or not paid for and taken away within a reasonable time after arrival, if addressed to be kept till called for, may be forthwith sold by auction or otherwise, without any notice to sender or consignee, and payment or tender of the net proceeds of any such sale after deduction of freight charges and expenses shall be accepted as equivalent to delivery.

10.—The Company will not be liable for any loss of market.

11.—The Company will not be liable for any indirect or consequential damages in respect of goods lost, injured or delayed.

12.—The Company will not be liable for any loss of or damage to, or delay of goods resulting from their being not properly protected by packing.

13.—The Company will not be liable for any loss of or damage to, or delay of goods resulting from their being not properly or not sufficiently addressed.

14.—The Company will not be liable if goods are lost, injured, or delayed, owing to a defect in a wagon not belonging to or provided by the Company, unless such defect arose from the neglect or default of the Company or their servants, or unless the Company or their servants were guilty of negligence in not discovering such defect.

15.—In respect of goods consigned to places beyond the limits of the Company's free delivery, the responsibility of the Company will cease when such goods have been delivered over to another carrier in the usual course for delivery.

16.—In all cases where the Company's charges are not prepaid, the goods are accepted for carriage only upon the condition that the sender remains liable for the payment of the amount due to the Company, for the carriage of such goods, without prejudice to the Company's rights, if any, against the consignee or any other person.

17.—In respect of traffic of every description which loses weight in transit through drainage, evaporation, or any cause beyond the Company's control, carriage shall be paid upon the weight ascertained at the sending station.

and this shows us the terms and conditions upon which the goods are carried.

Each railway company of course uses its own form, but the illustration given will show the reader the general wording of such documents.

CHAPTER II.

Shipping Instructions.

But as we have brought the goods f.o.b. (free on board) we shall prefer that the manufacturer attends to getting them on board the ship, and instead of sending him the memo. shown on page 73, we shall send him Shipping Instructions in a form somewhat as follows, leaving him to make arrangements either with his Shipping Agent or the Railway as he may desire:—

Example of Shipping Instructions.

Ord. No. _____ dated _____ for _____

Please ship the above per _____ s., closing in the _____ Docks on the _____ inst.

Customs entry we attend to.

A. B. & Co.

Some firms have their Shipping Instructions printed, in similar form to the above, while others, to prevent the necessity of passing the instructions through the Letter Book, use their instructions printed in book form, with a counterfoil, so that the corresponding particulars may be written on the foil as each sheet is issued.

Shipping Advice.

Now the manufacturer, having no shipping agent here, will generally arrange with the Railway Company to ship the goods for him, telling the company that they are for our account, and as soon as they arrive here we shall have a shipping advice from the railway in the following form :—

Example of a Railway Shipping Advice.

(572) GREAT WESTERN RAILWAY.

Goods Department,
Poplar Goods Station, London, E.

_____189

Sir,

I beg to advise you that we have this day forwarded the undermentioned Goods to the_____Docks, on your account, for shipment on board the_____

I am, Sir, your obedient Servant,

_____

No. of Packages.	Description of Goods.	Marks.	Station from.	Amount of Charge to pay.

M_____

Invoice.

As soon as the goods left the manufacturer's works, he would send us an invoice ; and it should be noticed that a manufacturer's invoice of goods differs both in wording and in form from the shipping invoice we shall send out to our customer.

Example of a Manufacturer's Invoice.

22 ST. ANDREW STREET,
BIRMINGHAM,_____190

M_____

Bought of PAGE & WRIGHT, LIMITED.

MARK		T.	C.	Q.	LB.	RATE	£	S.	D.
A B Bombay. 1/20	*Steel Hoops.* 120 Bundles, each about 56 lb., ⅞″ × 20 Gauge .	3	2	0	0	£10	31	0	0
						4 %	1	4	10
					Net.	£	29	15	2

Carriage Paid per G.W.R. to B'head Stn., Truck 32796, to your order.

Shipping.

Before we can ship goods, it is necessary for us to engage freight for them, and having obtained a promise from the manufacturer that the goods will be ready by a certain date, we turn to our shipping cards, or to one of the published shipping lists, to see what steamer will be "on the berth" about that time. The following is the shipping card used by the Shire Line of steamers :—

Example of a Shipping Card.

THE "SHIRE" LINE OF STEAM SHIPS.

MIDDLESBRO' AND LONDON,

Via SUEZ CANAL.

S.S. CARDIGANSHIRE,
,, CARMARTHENSHIRE,
,, DENBIGHSHIRE,
,, FLINTSHIRE,
S.S. GLAMORGANSHIRE,
,, MERIONETHSHIRE,
,, MONMOUTHSHIRE,
,, PEMBROKESHIRE,
S.S. RADNORSHIRE,

FOR

PENANG, SINGAPORE, HONG KONG, NAGASAKI, HIOGO, AND YOKOHAMA,

Taking Cargo for

JAVA, BANGKOK, MANILA, SWATOW, FOOCHOW, AMOY, CHEFOO, TIENTSIN, CHEMULPO, VLADIVOSTOCK,

and other Coast Ports at through rates at Shippers' risk.

THE SPLENDID NEW FULL-POWERED SCREW STEAMSHIP

GLAMORGANSHIRE.

100 A1. 3,000 Tons Net. Reg. 4,000 Gross Reg. 500 H. P. Nominal.

D. DAVIES, Commander.

ROYAL ALBERT DOCKS.

LAST SHIPPING DAY, 23rd January.

FOR FREIGHT OR PASSAGE APPLY TO THE OWNERS,

JENKINS & Co., Ltd., 38 Leadenhall Street, E.C.,

or to the Brokers, NORRIS & JOYNER,
Telephone— 27 BRAZENNOSE STREET, MANCHESTER, and
4478 AVENUE. BILLITER HOUSE, BILLITER ST., LONDON, E.C.

Agents in Middlesbro': T. A. BULMER & Co.

On the reverse side of the card are the following conditions:—

Who will not be accountable for demurrage on craft sent alongside without their instructions, nor in any case pay more than 7/6 per day for each barge, and then only after three working days have been allowed for discharging.

All Packages must be marked distinctly with Port of Destination.

Bills of Lading to be obtained of W. PATERSON & SON, Cullum Street, E.C.

Two unstamped copies required with each set of Bills of Lading.

so that shippers may know upon what conditions the goods will be carried and received.

FREIGHT ENGAGEMENT.

Having fixed on a steamer, we go to the shipbroker and engage freight, if there is room in the vessel for our goods. This is done by the shipbroker giving us a freight engagement, by writing on the back of the shipping card the tonnage we arrange to give him, and the rate to be paid upon it, after the following form:—

50 Tons Bar Iron,
@ 36/- and 10 °/₀ Primage.
A. B. & Co.

Primage will be found explained on p. 110, and as an inducement for shippers to keep to one line of vessels when shipping their goods, it is usual for shipbrokers to return a portion of the primage (generally a half) at once, and the remainder, after a certain time—usually at the end of their financial year.

FREIGHT.

Freight means the amount of money paid for the use of a ship, or a part of her, or a sum for the carriage or conveyance of any quantity of goods in her.

When a whole ship is hired, or a part of her, the freight is stated in the charter party, which is fully described on page 201; but when she is a general ship —that is, carrying a general cargo for various shippers —the freight to be paid is named in the bill of lading, as explained on page 98.

Freight on heavy goods, or goods in bulk, is charged at so much per ton weight; on light goods in cases, or bales, at so much per cubic foot, 40 cubic feet being reckoned to the ton, and such goods are known as measurement goods.

Freight is charged on the quantity put on board, which is known as the shipping weight, and not on the landing weight—the weight the vessel turns out—which, from many causes, is often smaller than the shipping weight.

Where no stipulation is made to the contrary, the freight is not due until the goods have been delivered, and in cases where, for the ship's safety, part of the cargo is thrown overboard during a voyage, the owner of the goods is a loser of the freight he has paid for the goods although they have not been delivered; but, of course, where the goods have been insured, he can recover such loss from the underwriters as general average.

Should a total loss occur, the shipowner has no claim for freight, but the opinion seems to be that he can claim his freight even though the cargo may be delivered in such a damaged state as to be almost worthless, provided the damage be not due to any fault of the captain or crew.

Where freight is not prepaid, the owners of a ship have a lien on and can stop delivery of the goods placed

on board until the freight upon them has been paid; and, in such cases, it is usual to land the goods at their destination, and put a "stop" upon them—that is, instruct the wharfinger on whose wharf the goods are landed not to part with the goods until the freight upon them has been paid.

In cases where no consignee of the goods on board a ship appears to obtain delivery and take charge of them, on the vessel's arrival at their destination, the captain may, within seventy-two hours after reporting his ship at the Custom House, land, and, at his discretion, warehouse the goods, giving the wharfinger or the warehouse keeper where the goods are stored notice of his lien on them for freight—and the latter would also have a further lien on the goods against the owner for rent after the freight had been paid—when the wharfinger or warehouse keeper would hold the goods until the "stop" so placed upon them had been removed. If within ninety days after landing the freight has not been paid (or earlier at his discretion where goods such as fruit, fish, etc., are of a perishable nature), he may order the wharfinger or warehouse keeper to sell the goods at auction, but notice of such sale must be published, and also given to the owner of the goods if he can be found, and, if found, the freight, rent, sale expenses, and all other charges may be deducted from the proceeds of the sale.

Should a vessel during a voyage become from any cause incapacitated from completing her voyage, the captain may hire and tranship the goods to another vessel to take the goods to their destination, and, on arrival there, claim the original freight on their delivery. But should the amount to be paid for the second ship

exceed the freight agreed upon with the first vessel, the extra freight charged would fall on and be payable by the shipper.

Dead Freight.

Sometimes a shipper, or a charterer, fails to put goods on board a vessel for which he has engaged room in her, when the owners have power to charge the value of the freight engaged, although the goods have not been shipped, and this is called dead freight, the amount of which, when a steamer is chartered, is stated in the charter party. With a ship carrying a general cargo for various shippers, a claim for dead freight is seldom enforced, as the goods which miss one steamer are usually shipped by the following vessel of the same line.

Short Shipment.

It sometimes happens, too, after freight has been engaged, that the goods arrive too late and cannot be put on board, when they are said to be "Shut Out," and they remain for the following steamer. Or it occasionally happens that, from various causes, only a part of the goods are taken on board, when there is said to be a "Short Shipment". The goods left behind are then said to be "Short Shipped," and they are generally taken by the following vessel.

Having now engaged our freight, we must order up the goods, and instruct a lighterman, shipping agent, or the Railway Company, as the case may be, to ship the goods for us on board the steamer agreed upon.

Shipping Clerks.

The shipping or forwarding of goods is usually attended to by a shipping clerk, who should be thoroughly acquainted with the docks, the Custom House, and the general routine of his particular department. A good shipping clerk who "knows his way about" can often do, in the way of shipping and dock work, what seems, at the moment, to be an impossibility. When goods are lying in the railway trucks, he knows just where to go and find them, he understands how to avoid a "short shipment"; he can prevent demurrage charges by not ordering down his barges too early; and his services are most valuable when it is necessary to personally see goods taken on board.

Shipping.

We have already shown the mode of procedure with land-borne goods, where the Railway Company act as our agents in getting goods on board, and on receiving the Railway Company's shipping advice, shown on page 78, which indicates that our goods are in the course of shipment, we shall proceed to make out our bills of lading, as will be explained hereafter, and as soon as the shipbroker finds our goods on his Returns, we shall obtain the bills from him, duly signed, in exchange for the amount of freight.

Lighterman.

But goods often come up by water in a coaster to London, and then the mode of shipping them is more difficult, for we shall require the services of a Lighterman to barge our goods from the river to alongside the

steamer in the dock, for which he will charge us so much per ton called Lighterage; and if his barges are detained longer than three working days, which is the usual time allowed for discharging, he will charge us Demurrage at the rate of 7s. 6d. per day for each barge detained at the ship.

Shipping Documents.

In London, for water-borne goods, the shipping documents are in two parts—the Receiving Note, and a similar form filled in so that the mate or other officer of a ship may sign it as soon as the goods are on board, and, after receiving his signature, it is called the "Mate's Receipt". and as will be noticed it merely asks the ship's officer to receive the goods on board, and instructs him not to take the goods unless he can give a "clean" receipt for them—which means that he is not to take the goods on board the vessel unless he will sign his receipt that he has received them "in good order and condition," as this gives the shipper an opportunity of repairing cases, casks, etc., or putting goods into condition, in cases where they arrive damaged. This clause, however, is often ignored, and when once goods are on board a ship they cannot be discharged again, as by the time a shipper has received his receipt claused with the state of the goods upon it, other cargo will have covered his goods and so prevent the possibility of their being unshipped.

We can usually, however, prevent a "Dirty" clause appearing on a Bill of Lading by means of a Letter of Idemnity, which is explained on pp. 113-115.

Receiving Notes.

The following is a copy of the receiving note used in London:—

Example of a Receiving Note.

TO THE COMMANDING OFFICER OF THE

Ship_____

Captain_____

for_____

in the_____ Docks.

PLEASE RECEIVE ON BOARD.

THOMAS WILLIAMS.

_____ 190

NOTICE.—NO GOODS TO BE TAKEN ON BOARD FOR WHICH A CLEAN RECEIPT CANNOT BE GIVEN.

Mate's Receipt.

We now come to the Mate's Receipt, of which the following is a copy, and it will be seen that this also asks the ship not to take the goods on board unless the mate or other ship's officer is prepared to give a clean receipt in exchange for it :—

Example of a Mate's Receipt used by Merchants.

RECEIVED IN GOOD ORDER AND CONDITION ON BOARD THE

Ship _____

Captain _____

for _____

From THOMAS WILLIAMS.

No goods to be taken on board unless the Mate or other Ship's Officer is prepared to give a clean receipt in exchange.

Signed _____
Chief Officer.

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Lighter alongside _____

Discharged _____

The following is the usual form used by shipbrokers when the merchant does not issue a blank for the mate to sign :—

Example of a Mate's Receipt used by Shipbrokers.

THE ANGLO-ARABIAN STEAMSHIP COMPANY, LTD.

Direct Line to and from the PERSIAN GULF.

Port of _____ _____ 190

RECEIVED in apparent good order and condition on board the S.S. _____ for delivery at _____

Subject to the Exceptions, Limitations and Conditions of the Bills of Lading of this Line.

Marks & Nos.	Quantity.	Goods said to be	Remarks.

_____
Officer's Signature.

Name of Shipper _____

Clauses on a Receipt.

It will be noticed that the form commences: "Received in good order and condition on board the ship _____". This wording is necessary, as if goods are not put on board in good condition they would arrive in a broken or damaged state on the other side, and the buyer there would either reject the goods or make a claim upon them for the damage done. Further, a merchant rarely sees the goods he ships—he depends upon his lighterman, and, until they reach the vessel, he does not know the condition they arrive in. If they arrive damaged, they must be put in good order or made merchantable before going on board, and to make sure that they are not damaged in any way, the merchant must get the mate's signature that they are in a sound state when he receives them. Now a mate's instructions are "to protect the ship," as, if he signed for damaged goods that they were in good order, the ship would have to deliver them in like good order at their destination, otherwise a claim would rest on the shipowners for the damage done. Therefore, a mate, when receiving cargo, if he does not consider that they are "in good order and condition," he notes on his receipt the condition they are in as he receives them on board, such as "Cases broken," or "Bundles loose"; and, when his tally does not agree with the number of packages named on the note, he writes: "_____ cases in dispute; if on board to be delivered," as this exempts the ship from discharging more than is found on board, in cases where his count and the number of packages he is asked to receive do not agree, for, sometimes, although a stated number of packages may leave the works, some

of them, from pilfering, or other causes, may not arrive at the ship's side. They are "Lost in transit," and the railway or other carrier who signed for the full quantity received by them are liable for the value of the package lost whilst in their care.

Demurrage.

At the foot of the receipt will be noticed "Lighter alongside_____," "Discharged_____." This is for the mate to sign the actual time at which the barge arrived at the ship's side, and also the time at which she was discharged, and this shows who is responsible for demurrage, in cases where it is incurred. Almost all lines have a clause on their shipping cards as follows: "The Company will not be responsible for demurrage on craft sent alongside without written instructions, and then only at the rate of 7s. 6d. per day for each barge, nor will they be answerable for dock dues or lighters detained".

A Backed Note or a Broker's Order.

The ship brokers of some lines, particularly those of the P. & O. Co., endorse the receiving note as follows:—

Example of a Broker's Order.

Ship _____ Tons, to be alongside 9 A.M._____
day of_____1900.

A. B. & C.

when the note is called a Backed Note, or a Broker's Order, as this tells the mate that freight has been engaged for the goods, and that the barge is there by the shipbroker's instructions.

Wharfinger's Receipt.

With land-borne goods no receipt is issued to the shipper in London, but, in other ports, a wharfinger's receipt is granted, so that the goods as they arrive by railway may be unloaded from the railway trucks on to the quay, ready for shipment as soon as the vessel arrives alongside to take them. The following is the usual form:—

Example of a Wharfinger's Receipt.

THE BRITISH AND COLONIAL STEAM NAVIGATION COMPANY, LIMITED.

Direct Line of Steamers to the Persian Gulf (*via* Suez Canal).

GELLATLY, HANKEY & CO., 11 Albert Square, Agents.

MANCHESTER, _____ 189

RECEIVED on Quay from _____ for Shipment (provided there be room) on board the Steamer "_____," for _____ the undermentioned Goods, subject to the conditions endorsed hereon:—

Marks.	Numbers.	Description of Packages, Contents, Gross Weight and Measurement.

This Receipt signed subject to the exceptions and restrictions of liability contained in the special form of Bill of Lading used for the Steamer. All risk of River Craft, Lighterage, Fire and Flood to be borne by the Shippers. This Receipt to be given up and Freight paid in exchange for Bills of Lading. Packages must be distinctly marked with port of destination.

_____ Wharfinger.

On the reverse side is:—

The within-mentioned Goods are received subject to the following conditions:—

Any person who may wilfully and surreptitiously ship or attempt to ship any *Gunpowder, Aquafortis, Oil of Vitriol, Gun-Cotton, Glonoin or Blasting Oil or Nitro-Glycerine, prepared Tannin, Fog Signals, Petroleum, Naphtha, Paraffin Oil, Spirits of Wine, Ether, Camphine, Turpentine, Tar, Percussion Caps, Lucifer Matches, or other articles of Explosive, Inflammable, or otherwise dangerous nature*, on board one of these Steamers will be liable to prosecution under the Act 17 and 18 Vict., c. 104, s. 329, or under the new Act 29 and 30 Vict., c. 69. The Company will not be responsible for the safe delivery of any such article so shipped, and will hold the Shippers responsible for damages in case of need.

The Company will not be responsible for Silk Goods, Specie, Jewellery, Plate, Watches, Precious Stones or Metals, or other valuable or hazardous articles, unless they shall have been specially agreed for at the Office, and the value declared in the Bills of Lading.

These special conditions being necessary for the ship's protection, all shippers should be most careful to abide by them.

A wharfinger's receipt, as will be seen from the specimen given on the previous page, is merely the wharfinger's receipt for goods received on his wharf or quay ready for shipment, and he too, the same as a mate, notes on the receipt the state of the goods as he received them, if he does not consider they are "in good order and condition;" and when he issues a "Dirty" receipt, it will be necessary, in order to obtain "Clean" bills of lading, to give the shipbrokers a letter of indemnity, as explained on pp. 113-115. When a wharfinger's receipt has been issued, it does not neces-

sarily follow that the goods will go by the vessel intended, as the document reads :—

Received on quay for shipment (provided there be room) on board the steamer_____

and the proof of shipment can only be ascertained from the broker's returns, on the receipt of which, if the goods are on board, they will only issue the signed bills of lading. And here is the difference between a mate's receipt and a wharfinger's receipt; the former is a receipt for goods actually on board a vessel, while the latter is a receipt that they are on the quay awaiting shipment. For this reason, while a mate's receipt is a negotiable document, which is freely passed on from seller to buyer against payment when goods have been sold f.o.b., a wharfinger's receipt is not always accepted by the buyer, as it shows that the goods are not yet on board.

Most ports outside of London do not issue mates' receipts, and, consequently, a wharfinger's receipt, until the bills of lading are issued, is, in most ports, the only document that can be obtained as representing goods sold f.o.b. a steamer. A wharfinger's receipt must be given up to the shipbrokers in exchange for the bills of lading, the same as a mate's receipt, otherwise there would be two receipts in circulation for the same goods —the bill of lading showing the goods to be on board, and the wharfinger's receipt showing them to be on quay. But, as sometimes happens, when the bills of lading are issued before the wharfinger's receipt has

been obtained, the wharfinger endorses the receipt "B/L issued," when the receipt becomes of no value.

Freight Note.

The freight note is a debit note for the amount of freight to be paid on goods shipped on board a vessel, and it is sent out by the shipbrokers as soon as they see by their Returns—that is, a list sent to them either daily, or as soon as a ship has closed for cargo, showing all the goods received on board—that the goods are shipped; and a freight note being sent to a shipper indicates to him that the bills of lading are already signed, and that they can be obtained in exchange for the mate's, or the wharfinger's receipt, on payment of the amount of freight.

Shipper's Measurements.

When freight is charged by measurement—that is at the rate of 40 cubic feet per ton—the shipper usually sends to the shipbroker along with the bills of lading a memo. of his own measurements obtained from the manufacturer's invoice, so that the ship's officer may check the measurements as the goods go on board the ship, and when this is not done, the ship's measurements, taken as the goods are in the slings over the hold, are generally accepted by both parties as correct.

The following is a copy of a freight note :—

Example of a Freight Note.

No. _____ LONDON, _____ 189

Dr. to FREIGHT, &c., per _____ for _____

Marks.	Numbers.	Packages.	Weight.			Gallons or Dozens.	Bulk.	Measurement.		Measurement.		Rate of Freight.	£	s.	d.
			tons.	cwt.	qrs.	lb.		feet.	in.	feet.	in.				

Primage 10 per cent.....

£ _____

N.B.—It is requested that any error in this Freight Note be notified within one week of its delivery.

Example of a Freight Note used in the Coal Trade.

FREIGHT a/c _____

COAL EXCHANGE,
LONDON, E.C. _____ 190

_____

and Captain and Owners of S.S. _____

In a/c with A. B. & Co.

190 *Cr.*

By freight on Tons Coals @ p.t.

Dr.

To Delivery
,, Trimming
,, Gear and Moorings
,, ½ Metage
,, Clearance
,, Dues, Lights and Entries
,, Discount on Freight .
,, Commission and Charters
,, hours Dispatch @ p.h.
,, Signalling
,, Cash to Captain
,, Stamps
,, Charges @

Time occupied—

Loading _____

Discharging _____

Balance per Cheque £ _____

E. & O. E.

When a boat chartered for coal has discharged her cargo in London a freight account is rendered to the owners in the above form, they being credited with the amount of freight, and debited with the usual charges borne by them.

Metage means the cost of weighing the coal out of the ship, which is usually 2d. per ton, half of it is paid by the owners and half by the merchant.

Cash to captain is the money advanced by the merchant to the captain on account of the freight.

Signalling is a charge made for signalling to the collier station at Tilbury that the boat has arrived.

Freight Receipt.

After payment of the freight, the freight note is receipted by the shipbroker, and it then becomes a freight receipt, and is usually filed away as such.

Bills of Lading.

A bill of lading, as will be seen from the example given, is a receipt for goods which have been shipped on board a vessel, and an undertaking to deliver them at a certain place, to the shipper's order, or to the order of a named assignee. If the shipper be the charterer of the vessel, the freight is usually named in the charter party; but if the ship is a general one—that is, taking a general cargo of goods on account of various shippers, the freight to be paid is usually stated on the bills of lading, which are either endorsed "Freight Paid" or "Freight Forward" as the case may be.

It sometimes happens that a charterer of a vessel, or a part of her, will sub-let a portion of his freight to another, in which case, if he make a profit or a loss by the underletting, the rate of freight mentioned on the bill of lading will necessarily differ from that stated on the charter party.

Example of a Bill of Lading.

SHIPPED in good order and condition by on board the Steam Ship whereof is master for this present voyage lying in the port of London, and bound for *via the Suez Canal*, with liberty to discharge and receive goods and passengers at and to take in coal or other necessary supplies at any intermediate port or ports, to sail with or without pilots, and to tow and assist vessels in all situations of distress.

being marked and numbered as per margin; and to be delivered, subject to the exceptions and conditions hereinafter mentioned, in the like good order and condition from the ship's tackles (where the ship's responsibility shall cease,) at the aforesaid Port of or so near thereto as she may safely get, unto

or to his or their assigns. Freight for the said goods and primage (if any) to be paid by the shippers in LONDON, on delivery of the Bills of Lading, in cash without deduction, ship lost or not lost. Average as accustomed.

The following are the exceptions and conditions above referred to :—

Weight, measure, quality, contents, and value unknown.

The Act of God; the King's Enemies; pirates; robbers by land or sea; restraint of princes, rulers or people; loss or damage from machinery, boilers or steam, or from explosion, heat, or fire on board in bulk or craft, or on shore; jettison; barratry; any act, neglect, or default whatsoever, of Pilots, Master, or crew in the management or navigation of the ship; and all and every the dangers and accidents of the seas, rivers and canal, and navigation of whatever nature or kind are excepted.

The ship is not liable for insufficient packing, or reasonable wear and tear of packages; for inaccuracies, obliteration, or absence of marks, numbers, address or description of goods shipped; leakage; breakage; loss or damage by dust from coaling on the voyage; sweat; rust; decay. Fines and expenses and losses by detention of ship or cargo, caused by incorrect marking, or by incomplete or incorrect description of contents or weight, or of any other particulars required by the authorities at the port of discharge, upon either the packages or bills of lading, shall be borne by the owners of the goods.

(*Continued.*)

Example of a Bill of Lading (continued)—

The Steamer, while detained at any port for the purpose of coaling, is at liberty to discharge and receive goods and passengers.

The Owners of this Steamer will not be accountable for Gold, Silver, Bullion, Specie, Jewellery, Precious Stones, or Precious Metals, or beyond the amount of One Hundred Pounds for any one package, unless the bills of lading are signed for such goods, and the value declared therein.

If medicinal fluids, or any other goods of an inflammable, damaging or dangerous nature are shipped without being previously declared and arranged for, they are liable, upon discovery, to be thrown overboard, and the loss will fall upon the Shippers or owners of such fluids or goods.

The goods are to be discharged from the ship as soon as public intimation is given that she is ready to unload, and if not thereupon removed without delay by the consignee, the master or agent is to be at liberty to land the same, or, if necessary, to discharge into hulk, lazaretto, or hired lighters at the risk and expense of the owners of the goods.

In case of quarantine, the goods may be discharged into quarantine depot, hulk, or other vessel, as required for the ship's despatch. Quarantine expenses upon the goods of whatever nature and kind, shall be borne by the owners of the goods.

In case of the blockade or interdict of the port of discharge, or if the entering of or discharging in the port shall be considered by the master unsafe by reason of war or disturbances, the master may land the goods at the nearest safe and convenient port, at the expense and risk of the owners of the goods; and the ship's responsibility shall cease when the goods are so discharged into proper and safe keeping; the master giving immediate notice of the same to the consignees of the goods, so far as they can be ascertained.

The master or agent shall have a lien on the goods for payments made, or liabilities incurred in respect of any charges stipulated herein to be borne by the owners of the goods.

In case any part of the within goods cannot be found during the Ship's stay at the port of destination, they are when found to be sent back by first Steamer at the Ship's risk and expense, and subject to any proved claim for loss of market.

The Ship shall not be liable for incorrect delivery unless each packet shall have been distinctly marked by the Shippers before shipment with the name of the port of destination.

In Witness whereof the Master or Agent of the said Ship has signed Bills of Lading, exclusive of the Master's copy, all of this tenor and date, one of which being accomplished, the others to stand void.

Dated at London__________18

Authorised 6/4/95.

Another Example.

AUTHORISED FORM CONTINENTAL STEAM BILL OF LADING.

Description and Marks.	Measurement. Feet.	Gross Weight. T.	C.	Q.	lb

Disbursements £

SHIPPED in apparent good order and condition by
on board the Steamship or Vessel called the
and now lying in this Port and bound for
with liberty to deviate in any direction and to call and/or receive and/or land Coals, Cargo and/or Passengers at any Port or Ports, in or out of the customary route or Geographical rotation, and with liberty to be towed in all situations, to sail with or without Pilots, and to tow and assist Vessels at all times without any responsibility whatsoever resting on the shipowners on the ground of deviation, delay, or the consequences thereof.

being marked and numbered as in the margin, with liberty to tranship the said goods or specie on board any other Craft or Steamer, and to be delivered subject to the exceptions and conditions herein mentioned, either into Lighter or on the Quay at Master's option, where the Ship's responsibility shall cease, at the port of
unto or to his or their Assigns, Freight payable,
Ship lost or not lost, at
.........Shillings and.........Pence Sterling per ton Gross Weight }
.........Pence Sterling per Cubic Foot } With per cent. Primage.
.........Shillings and.........Pence Sterling }
and Average accustomed, as per York-Antwerp Rules, 1890, and Disbursements £...........
as per margin.

The following are the exceptions and conditions above referred to:—

1. The Act of God, the King's Enemies, Pirates, Robbers, Restraint of Princes, Rulers and People, Lockouts, Strikes or Combinations afloat or ashore, at home or abroad, Vermin, Jettison, Barratry and Collision, Fire on Board, in Hulk, or Craft, or on Shore, Stranding and all Accidents, Loss, and Damage, whatsoever, from defects in Hull, Tackle, Apparatus, Machinery, Boilers, Steam and Steam Navigation, or from Perils of the Seas, Ports, Harbours, Canals and Rivers, or from any Act, Neglect, or default, whatsoever, of the Pilot, Master, Officers, Engineers, Crew, Stevedores, Servants or Agents of the Owners, in the management, loading, stowing, discharging or navigation of the Ship or other Craft, or otherwise, and the Owners being in no way liable for any consequences of the causes before mentioned.

2. The Ship, her Owners or Master are not liable (as regards pilferage, negligence or

(*Continued.*)

Example of a Bill of Lading (continued)—

otherwise) for any loss, breakage, damage or injury in respect of Animals, Coin, Jewellery, Pictures, Statuary, China, Earthenware, Glass, Looking Glass or Glass Ware of any description, Plate, Baggage, Private Effects, and Furniture, and similar articles of value unless previous arrangements in writing have been made. All Glass, Looking Glass, Glass Ware or Glass or Earthenware Goods of any description are carried at Shipper's risk.

3. Weight, Contents, Measure, Number, Quantity, Quality and value unknown, and not answerable for Leakage, Ullage, Spiles, Lighterage, Breakage, Rust, Breakage of Seals, Torn Wrappers, Corruption, inherent Deterioration, Stained, Repaired, or insufficient Packages, Damage by Sweating, or contact with other Goods, Rain, or incorrectness, illegibility, obliteration or insufficiency in the marks or numbers, or quality marks, or numbers. The Goods to be taken from the Ship by the Consignees as soon after arrival as the Vessel is in a discharging berth, during day and night, Sundays and Holidays, at Ship's option, without interruption, or the same may be transhipped into Lighters, and/or Landed on the Quays, and/or Warehoused, all at the expense and risk of the Owners of such Goods. Demurrage of the Steamer when incurred shall be charged and paid at the rate of 4d. per gross registered ton per day or part of a day, unless otherwise agreed in writing.

4. The receiver of the Goods mentioned in this Bill of Lading shall cause a proper tally to be kept of the same as they come out of the Steamer and a receipt given to the Officers of the Ship for the Goods before removing barges or Goods from alongside. The Captain and Owners of the Vessel shall not be liable for any claim whatever, unless the same, or notice thereof, be made or given in writing before the craft or the goods leave the Ship's side, when, in case of damage or dispute, a survey or recount may be held. The cost to be borne by whoever is found to be in error.

5. Machinery and all heavy weights are only accepted to be put on board and taken out at Merchant's risk and expense, defect of gear or negligence of Shipowner's Servants, Agents, or Stevedores notwithstanding. In the event of damage arising, attributable to the said heavy lift, and/or resulting from error in description, weight or otherwise, the Owners, and/or Shippers and/or the Goods shall be liable therefor.

6. All goods immediately they are discharged from the Steamer shall be entirely at the risk of the Consignees, any custom or practice of the Port to the contrary notwithstanding.

7. The Goods may, at Ship's option and Merchant's risk, be weighed and examined at the place of discharge, and if the weight and/or description on the Bill of Lading be incorrectly stated, the cost of weighing and examination will be added to the freight and be payable before delivery of the Goods and double freight may be charged, and if so charged shall be payable and the Goods be subject to a lien for the same accordingly.

8. Goods shipped as one parcel to be delivered in same way, and if on deck, are so shipped at Merchants' risk.

(*Continued.*)

Example of a Bill of Lading (continued)—

9. In the event of Quarantine, Lockouts, Labour Strikes or Combinations, afloat or ashore, or Ice, or in case of riot, tumult, anticipated disturbances, or War (Great Britain being a belligerent or otherwise), blockade or interdict, of the port of discharge, or if the entering of or discharging in the port shall be considered by the Master unsafe, the Goods may, at the Master's discretion, be discharged on to Quay or into Quarantine Depot, Hulk, Lighter, or other Vessels necessary for the Ship's despatch, at the Consignee's risk and expense, or, should this be impracticable, or the Vessel not admitted, the Master to have the option, and is hereby authorised, to land the Cargo at the Port which in the Master's judgment shall be most fit and convenient, at the risk and expense of the Consignees, where the Ship's responsibility shall cease, and this contract be accomplished.

10. In the event of transhipment or forwarding on, it is agreed that the clauses, conditions and restrictions of the Ship or other conveyance, by which the Goods are forwarded to destination, are included in this Contract, in addition to but not in substitution for the clauses hereof, and all Stamps Duties and Charges are to be paid by the Owner of the Goods.

11. It is agreed that the exercise by the Shipowners or their Agents of reasonable care and diligence in connection with the Ship, her tackle, machinery and appurtenances shall be considered a fulfilment of every duty, warranty or obligation, and whether before or after the commencement of the said voyage.

12. The Shipowner and/or the Carrying Contractor shall have a lien upon the Goods for all Freight, Through Carriage Expenses, Lighterage, Wharfage, Warehousing, Railway, Cartage, Agency, and other Charges, Expenses and Damages, for which the Goods or the Shippers or the Consignees, or the Owners thereof are liable under this Bill of Lading, and such lien shall remain notwithstanding the Goods have been landed, stored or otherwise dealt with, whether under statutory authority or otherwise.

13. Ship free in case of mortality. The Shipowners will not be liable in any event, in the case of Goods damaged or otherwise, for any amount exceeding the net cost of the same, or for any loss arising from suffocation or other causes, occurring to Horses, Dogs, Cattle, and other animals; or from the kicking, plunging, or viciousness of the same in transit; nor for any damage from shipping or landing, or while in the possession of the Owner, or his Agents, before or after the voyage, from whatever cause they may remain in such possession. No Officer or Servant of the Shipowners has authority to dispense with or vary these Conditions or any of them. And for the purposes of the Contract, the values of the undermentioned animals are to be taken as not exceeding :—For Horses, £50; for neat Cattle, £15; and for Sheep, Pigs, and Dogs, £2 each.

14. The Owners are at liberty once or oftener to tranship and to carry the said Goods to their Port of Destination, by the above or other Steamer or Steamers, Ship or Ships, either belonging to themselves or to other persons, proceeding by any route however

(*Continued.*)

Example of a Bill of Lading (continued)—

circuitous, and whether directly or indirectly to such Port, and in so doing to carry the Goods from or beyond their Port of Destination, and to tranship or land and store the Goods at any Port or Place, either on shore or afloat, and reship and forward the same, as and when they may think fit, either by land or water, at the Owner's expense, but at Merchant's risk.

15. All fines and expenses or losses by detention of Vessel or Cargo, caused by incorrect or insufficient marking of the package, or by incomplete or incorrect description or weight (or any other particulars, certificates or documents, required by the Authorities at the Port of Shipment or Delivery) either upon the packages or the Bill of Lading or otherwise, shall be paid by the Shippers or Consignees of the Goods.

16. If Chemicals, Liquids, or other Goods of a dangerous or damaging nature are shipped without being previously declared and arranged for, they are liable upon discovery to be thrown overboard, any loss or damage, to the Ship or Cargo, or to any person or interest whatsoever, shall be borne and be paid by the Shippers, Consignees or Owners of such Goods to the person to whom such loss or damage may be caused.

17. In cases of through carriage or when Land Carriage, Shipping, Landing, Lighterage, &c., or Transhipping, is effected by or at the cost of the Shipowners, it is so done at the risk of the Owner of the Goods, and neither the Shipowners, the Wharfingers, the Barge-Owners, nor Lightermen, are responsible for the risks of Lighterage, or of a Common Carrier, or of an Insurer, or negligence of servants, or for Lockouts, Strikes, or Combinations afloat or ashore, at home or abroad, or delays, or the consequences thereof, Fire afloat or ashore, damage by Vermin, Wharfage, or any insurable risk, and if through Goods are landed at a different Port the extra cost and risk attending discharge, carriage, &c., and otherwise, shall be a charge upon the Goods and be borne by the Consignees. Shipowners are not liable for loss or damage to the Goods when not actually on board the above vessel, nor for detention or delay in forwarding on or in respect of out shipping or otherwise. The "Through" Rate is made for the convenience of the Shipper and the liability of each Carrier to whom the Goods may be entrusted is limited and defined by his conditions of carriage or otherwise.

18. Each package must be specially marked by the Shippers before shipment, with the name of the Port of Destination, in letters not less than two inches long (in default of which the Ship is not to be liable for incorrect delivery).

IN WITNESS whereof the Master or Agent of the said Vessel hath affirmed to Bills of Lading, exclusive of the Master's Copy, all of this tenor and date, one of which Bills being accomplished the others to stand void.

Dated in LONDON.....,190 .....,Master.

HOW TO ENDORSE BILLS OF LADING.

Bills of lading when made out to the "order" of a *named* individual or firm are transferable by his or their endorsement, the same as a bill of exchange, warrant, or delivery order. When they are made out "to order," they require the shipper's endorsement; and if he endorses them *in blank*, the goods are deliverable to the *holder*; but if he endorses them *to the order of a named assignee*, they will require the *assignee's endorsement* before the goods can be obtained. To make this quite clear, we give a few examples of endorsements:—

If James Black & Co. made out a set of bills of lading "shipped by James Black & Co." to the "order of F. Thompson & Co.," then no one could obtain delivery of the goods until the bills had been endorsed by F. Thompson & Co., as under:—

F. THOMPSON & CO.

when Messrs. Thompson could either get the goods themselves or hand over the bills to any one else, as the goods are now deliverable to the holder of the bills. But if

they wished to transfer the goods to William Brown & Son only, they would endorse the bills :—

Deliver the Within
to the order of
Messrs. William Brown & Son.
F. THOMPSON & CO.

so that William Brown & Son could not now get delivery of the goods from the steamer until they had endorsed the bills with their signature as follows :—

Deliver the Within
to the order of
Messrs. William Brown & Son.
F. THOMPSON & CO.
WILLIAM BROWN & SON.

Again, if James Black & Co. made out a set of bills of lading "shipped by James Black & Co." to "order," they would simply endorse the bills in blank as follows :—

JAMES BLACK & CO.

when the goods would then be deliverable to the holder of the bills whoever he might be.

Any *bonâ-fide* holder of a bill of lading is entitled to receive from the ship the goods named in the bills, the law being that "Any person in possession of a bill of lading shall be deemed the true owner of the goods specified therein, so as to make a sale or pledge by him of such goods or bills of lading valid, unless the person to whom the goods are sold or pledged has notice that the seller or pledger is not the actual *bonâ-fide* owner of the goods".

Merchants usually make out their own bills of lading, showing the marks, numbers and full particulars of the goods shipped, and send them in to the shipbrokers to be signed. As soon as the shipbrokers see from their returns that the goods are on board they (or, in some instances the shipowners) sign the bills of lading, and when the freight is prepaid, send out a freight note. The merchant, on receiving the freight note, will send in his cheque and the mate's receipt (or where no mate's receipt is issued the wharfinger's receipt) to the shipbrokers, together with the freight note, and the shipbrokers will then return him the freight note receipted, and hand him the bills of lading endorsed "Freight Paid".

Freight Release.

If the freight is payable on the other side of the water, the bills would be endorsed "Freight Forward," and they would, in a similar way, be obtained from the shipbrokers in exchange for the mate's or the wharfinger's receipt; and when the ship arrived at her destination a freight note would be sent to the consignee, who, on paying the amount of freight, would lodge the bills of lading with the shipbroker, and he would endorse them:—

To the Chief Officer.
Release the Within Goods.
A. B. & Co.

This endorsement is necessary, as the ship would have received notice of all goods "stopped for freight," and the endorsement would show them that the "stop" has been removed, the freight having now been paid. The same mode of procedure is carried out here when goods sold *ex ship* are sent "Freight Forward," the amount of freight being deducted from the shipper's invoice, the consignee here must pay the freight and get his bills of lading released by a freight release before he can get possession of the goods.

A Set of Bills of Lading.

Bills of lading are usually made out in sets of three, each of which requires a sixpenny stamp, besides which, an unstamped copy, called the "captain's" copy, or the "master's" copy, is made out for the use of the ship, and for goods going to some countries, a further copy is required for the Consul.

Each Company Uses its own Form.

Almost all of the shipping companies have their own form of bill of lading, and these are to be obtained from the stationers named in the shipping cards.

Clean Bills and Dirty Clauses.

It will be noticed that a bill of lading commences "Shipped in good order and condition," and it sometimes happens, as we have already stated, that goods, on their arrival at the ship's side, are not considered by the mate to be in good condition—the cases may be frail, or broken; the iron may be rusty; the bands of bundles may be loose, or broken; or his tally as the number of packages received may not agree with the shipping notes or the shipper's count, and so that the ship may not be liable to deliver goods in "good order and condition" when they are received in a damaged or unsound state, it is usual for the mate to sign for the goods according to the condition in which he receives them, and he therefore inserts a clause on his receipt describing the state of the goods, such as "iron rusty," "bundles loose," "cases broken," "edges bent," and so on. A receipt without a clause on it is called a

"Clean Receipt," while a receipt with clauses on it is known as a "Dirty Receipt" or "Foul Receipt".

Now, having received a dirty receipt, it will be necessary to obtain "clean" bills of lading, otherwise the dirty clause will be inserted by the shipbroker on the bills themselves, and the buyer of the goods would then see that the goods or packages were not in a sound or merchantable state when shipped, which would mean either that the goods would be rejected at their destination or that a claim would be made upon them, and an arrangement can generally be made with the shipbrokers to give them a Letter of Indemnity, against which they will issue "clean" bills.

Before we describe a Letter of Indemnity, the wording and clauses on a bill of lading require some explanation to make the document intelligible.

Clauses on a Bill of Lading.

PRIMAGE represents the gratuity called hat money which years ago was voluntarily paid by each shipper of cargo to the master of a vessel as a means of inducing him to take special care of the cargo, but for many years past it has been collected as a part of or an addition to the freight, although most, if not all of it, is now returned to the shipper under certain conditions, after a specified time.

PRIMAGE and AVERAGE as ACCUSTOMED.—Here the word average means a small charge to be borne proportionally by the ship and cargo to defray the expense of lights, pilotage, etc. The charge is almost obsolete, and seldom appears in a freight account, being usually comprehended in the charge for primage.

WEIGHT, MEASURE, QUALITY, CONTENTS AND VALUE UNKNOWN.—This clause exempts the ship from verifying the description of the goods, or the weight, measure and quality of them, and avoids the opening of cases, casks, bales, etc., which would be necessary if the ship signed that they had verified all goods received on board. Hence a bill of lading is claused "A quantity of," "Said to weigh," or "Contents unknown," to exempt the owners from liability, as it is impossible for them to know the contents or weight of each package shipped on board.

ACT OF GOD.—This means all dangers or perils of the sea resulting from wind, weather, squalls, lightning, etc., which no human power can stay, avoid, control or oppose.

JETTISON is explained on p. 192.

BARRATRY means the fraudulent running away with a ship or cargo by the captain or crew. Mr. Justice Wills has described barratry as every species of fraud or knavery in the masters or ships by which the freighters or owners have been injured.

BULLION.—Gold and silver in an uncoined state, whether new or refined, is usually referred to as bullion.

SPECIE means coins, as distinguished from bullion.

LAZARETTO is a place where goods, letters, wearing apparel and passengers' baggage are fumigated on their being discharged from a ship in quarantine, in order to prevent a spreading of the infection.

CONSIGNEE means the person to whom goods are sent or consigned—the party to whom the goods are deliverable as named on the bills of lading.

QUARANTINE.—A law which forbids all vessels not having a clean bill of health coming from any port infected with the plague or any other infectious disease highly dangerous to health, without first hoisting the proper quarantine signals when within two leagues of the coast so that such vessels may be avoided and deterred from disembarking her passengers or discharging her cargo until she has performed so many days' detention at her mooring, or until the port medical officer of health has pronounced the vessel free from infection.

LOCKOUTS.—This means any employers "locking out" their workmen and so preventing them from working.

PERILS OF THE SEA are those ordinary perils and dangers which a ship encounters on her voyage.

BERTH.—The berth of a ship is that place where a vessel loads or discharges her cargo.

BLOCKADE.—There is said to be blockade when an enemy so surrounds the approaches to a port as to prevent ships from entering therein.

INTERDICT of the port of discharge means a forbidding to enter a port for any cause whatever.

LIEN ON GOODS.—Shipowners have a lien on all goods on board a ship for the amount of freight due, and the goods can be detained until the charges upon them are paid.

MASTER'S COPY.—An extra unstamped copy of a bill of lading made out for the use of the ship.

Letters of Indemnity.

The object of a letter of indemnity is to prevent trivial clauses not detrimental to the goods themselves from appearing on the bills of lading, for the opinion of a mate, whose instructions are to "protect the ship," does not always agree with that of a shipper as to the merchantable condition of goods when they arrive at the ship. It is also useful in holding the seller of goods f.o.b. responsible for the number of packages invoiced by him when the ship's officer does not tally his count. But let us describe these letters separately.

Let us suppose that iron goods have arrived at the ship wet, and that the mate has signed for them "Wet and Rusty". As we brought these goods f.o.b., the seller must take the responsibility of getting them on board in good condition. He must take the risk of their getting wet in transit between his works and the ship, and where he delivers them to the carriers and obtains their receipt for the goods in good condition, he must fix the responsibility on them. Our iron is signed for "Wet and Rusty"; it is of no real detriment to the goods, but we must fix the responsibility on some one in case the buyer makes a claim on the other side. We therefore write to the manufacturer, immediately we get our Dirty Receipt, telling him the iron is signed for "Wet and Rusty," and ask him for a letter of indemnity to cover us against loss in case the buyers should make a claim on the goods as soon as they arrive at their destination, when the manufacturer would send us a letter as follows:—

Example of a Manufacturer's Letter of Indemnity.

WEST BROMWICH, 1st January, 1901.

Messrs. A. B. & Co.,
LONDON.

Dear Sirs,

In consideration of your obtaining Clean Bills of Lading for

C D
Bombay. 1/100 = 100 Bundles Sheet Iron ex "Clan Mackintosh" s. from

London, I hereby agree to indemnify you against any claim that may be made in consequence of the Mate's Receipt bearing the clause "Wet and Rusty".

Yours truly,

JOHN TIMMS.

As we are now guaranteed against loss, we can issue our letter of indemnity to the shipbrokers in the following form :—

Example of a Merchant's Letter of Indemnity to Shipbrokers.

Messrs. BLANK & Co.,
SHIPBROKERS,
LONDON.

LONDON, 4th Jan., 1901.

DEAR SIRS,

In consideration of your granting us Clean Bills of Lading for—

C D
Bombay. 1/100 = 100 Bundles Sheet Iron, per "Clan Mackintosh" s. from

London, we hereby agree to indemnify you against any claim that may be made against you in consequence of the Mate's Receipt bearing the clause "Wet and Rusty".

Yours truly,

SCALES & CO.

Some shipbrokers have their own form of wording, in which case it would be necessary to follow it.

Now it sometimes happens that the full number of packages sent from the works, owing to pilfering or loss

in transit, does not arrive at the ship, or the ship's count as they go on board does not agree with the shipping notes, in which case the mate will sign his receipt :—

"_____ Bundles (Casks, Cases, etc.) in dispute ; if on board to be delivered."

and we must either get a credit note from the manufacturer for the quantity supposed to be short shipped, or obtain a letter of indemnity from him covering us for the value of the packages we have received short of his invoiced number. But in this case we shall invoice the full amount, and accept the bill of lading with the clause upon it, telling our correspondent abroad that we shall credit him with the difference in value, if the packages in dispute are not turned out of the ship on the other side. If, then, as is usually the case, the packages in dispute are found to be short, we shall credit our correspondent in account, and debit the manufacturer whose letter of indemnity we have received.

CHAPTER III.

FOREIGN INVOICES.

A foreign invoice differs both in wording and in form from those used in the home trade. In making out an invoice for abroad, the number of the different packages or lots, their contents and cost, as well as full particulars of all charges incurred should always be specified ; and great care should be taken that no essential particulars are omitted, or the receiver of the goods may have trouble with the Custom House on the other side, the Customs' authorities in some foreign countries being very exacting in this respect. The following is a copy of a foreign invoice :—

Example of a Foreign Invoice.

Invoice of Sundry Goods Shipped from Liverpool to Valparaiso, per Steamer "Chili," by order and for account of Messrs. Herrera Hermanos *there.*

			£	s.	d.
H. H.	1 Case	60 pieces, or 1,640 yards black and white prints			
# 142/143	1 ,,	60 ,, 1,653 ,, ,, ,,			
		120 pieces, at 6/7½ per piece	39	15	0
,, 144/5	2 Bales	200 pieces Grey T cloths, each 20 yards, at 4/4½ per piece	43	15	0
,, 146/8	3 ,,	300 ,, White Madapollams, each 24 yards, at 4/6 per piece	67	10	0
,, 149	1 Case containing—				
	50 dozens black felt hats, men's, at 14/9 per dozen	£36 17 6			
	25 ,, ,, ,, boys', at 13/9 ,,	17 3 9			
	Tin lined case	1 2 6			
			55	3	9
	Folding and preparing prints	1 4 11			
	,, ,, 500 pieces cotton	1 10 0			
	Packing 5 bales	2 15 0			
	,, 2 cases	1 3 0			
			6	12	11
		Carried forward	212	16	8

CHARGES.

		Brought forward	£212	16	8
Carriage to Liverpool and shipping charges		£1 10 4			
Freight £7 10s. 6d. B/L 2/-		7 12 6			
Insurance £250, at 20/- per £100	£2 10 0				
Policy	0 0 9				
		2 10 9			
Commission 5 %		11 4 6			
			22	18	1
			235	14	9
Less discount at 1½ % on £212 16s. 8d.			3	3	9
			£232	11	0

E. & O. E.,

London, 14th January, 1901.

Williams, Marshall, & Co.

Forwarding Documents.

The invoice is usually attached to the bill of lading and insurance policy, and is sent to the consignee—that is, the person to whom the goods are *consigned* or sent—by the vessel carrying the goods. But if the post is likely to arrive quicker, as is usually the case, the invoice should be sent by mail so that the receiver may know what goods are coming to him, and so make his arrangements accordingly. But a copy of the invoice should in any case be sent by the vessel, and a further copy by next mail.

Consular Invoices.

Invoices of goods shipped to the United States of America must be in triplicate, and each copy certified by one of the American Consuls at the various British ports or by the Consul in London. One copy is returned to the merchant duly certified by the Consul, one copy is sent out, and the other retained by him, and it is necessary for a partner of the firm to certify the invoices. These are called consular invoices, and similar documents are required by some European and Foreign powers as well, but the forms differ in each case.

The following is a copy of the Consular Invoices required by the United States of America, and great care should be taken in filling in the exact particulars required before presenting the Documents to the Deputy-Consul General here :—

Example of a Consular Invoice for America.

This form is ONLY to be used by a Manufacturer, or Merchant (and NOT by a Commission Agent) who has actually sold goods to a person or firm resident in the U.S.A.

This form should be used in Triplicate or Quadruplicate as the case requires. All blanks on this entire sheet to be filled in by Shipper (except where otherwise directed). The form of invoice on the other side must be used.

Received fee $2. 50.

LONDON.

No. _____ (leave blank)

Vendor _____

Purchaser _____

Destination _____

Nature of Merchandise _____

Amount £ _____

Name of Ship _____ (if known.)

Date _____ 189___ (as per direction No. 6.)

No. 138½. No. 5.

Declaration to be made by the Seller on behalf of the Purchaser where the merchandise has been actually purchased.

I[1] _____ of _____ do solemnly and sincerely declare that I am[2] _____ seller and shipper of the merchandise in the within Invoice mentioned and described, which was purchased from[2½] _____ by the purchaser named in the said Invoice; that the said invoice was made at London, in the consular district of London, whence the said merchandise is to be exported to the United States, and that it is in all respects true; that it contains a true and full statement of the time when, the place where, and the person from whom the merchandise therein mentioned was purchased, and the actual price paid, or to be paid to[2½] _____ by the purchaser, to whom the same has been sold in the ordinary course of trade, and for whom I now act in producing this invoice, together with a true statement of the quantity thereof, and of all charges thereon; that no

(Continued.)

DIRECTIONS.

Mark the forms "Original," "Duplicate," & "Triplicate," respectively on this line.

1 All names of deponent and address in full.

2 "sole," or "with my partners," or "the Secretary or Director of the" (name of Limited Company.)

2½ "me" or "we and my co-partners," or "my principal," or "the said Company."

(*Continued.*)
discounts, bounties, or drawbacks are contained in the said invoice but such as have been actually allowed thereon; that the currency in which the said invoice is made out is the currency which was actually paid, or is to be paid, for the said merchandise; and that no different invoice thereof has been or will be furnished to any one. I further declare that it is intended to make entry of said merchandise at the port of [3]_____ in the United States of America._____

And I make this solemn declaration, conscientiously believing the same to be true, and by virtue of the "Statutory Declarations Act, 1835."

Declared at No. 12 St. Helen's Place, in the City of London, this ____ day of [4] _____ 189____, before me,

A Commissioner to administer oaths in the Supreme Court of Judicature in England.

[5] _____

No. 140. CONSULATE-GENERAL OF THE UNITED STATES OF AMERICA, LONDON.

I, the undersigned, Deputy Consul-General of the United States of America, for Great Britain and Ireland at London, do hereby certify that at London on this [6] ____ day of _____ A.D. 189____, the within Invoice Numbered [7] _____ in which are mentioned and described certain goods, *viz.*: [8] _____ amounting, WITH THE CHARGES THEREON, to the total sum of £ [9] _____ was produced to me by [10] _____ IN PERSON, who thereupon declared in writing, in my presence, that entry of said merchandise was to be made at the port of [11] _____ in the United States of America. I do further certify that I am satisfied that the person making the declaration hereto annexed is the person he represents himself to be, and that the price stated in the said invoice, represents the actual market value or wholesale price of the merchandise described in the said invoice in the principal markets of the country, and at the time of exportation excepting as noted by me upon said invoice or respecting which I shall make special communication to proper authority.

Witness my hand and Seal of Office, at London, the day and year aforesaid.

3 Port.

4 Name of month in full.

5 Usual signature of deponent, not that of his firm.

6 Insert date when invoice left at Consulate-General.

7 Leave blank.

8 Name the goods.

9 Figures only.

10 Deponent's name.

11 Port.

On the reverse side is:—

LONDON, _____ 190

INVOICE of certain Goods, *viz.*:— _____ sold from London by

Messrs. _____ and purchased by Messrs. _____

of _____ and despatched from London, *via* _____

per s.s. _____

The name of Deponent's firm should be signed below the total of this Invoice.							

Certificate of Origin.

Some states require a certificate in the form of an invoice showing the origin of goods imported into their country, but the certificates vary in form according to the requirements of the state demanding them. The following, however, used by one of the European powers, will show the general import of such documents:—

Example of a Certificate of Origin.

INVOICE of Goods shipped by Messrs. James Hunt & Co., of London, on board the _____ Steamer _____ bound for _____

Marks.	Nos.	Gross Weight in Kilo-grammes.	Pack-ages.	Merchandise.	Origin.	Consignees.

The aforesaid packages do not contain more than is above declared.

London, _____ 1900.

CHAPTER IV.

Importing Tea (a Dutiable Article).

When a merchant in Ceylon buys tea from a grower, or where a grower himself ships direct to England, he usually sends the tea to his London agent for sale by public auction, and although temporarily losing possession of the goods, he is enabled, by means of document bills, to obtain a large portion of their value at the time of shipment, and the balance after the goods are sold. The mode of procedure is invariably the same; and having shown how goods are exported, we now propose to illustrate how to import them, taking the case of a dutiable article—tea.

When the Ceylon merchant ships his tea, he makes out a bill of lading, insurance policy, and an invoice at what he considers the tea should be worth. He then makes out a set of bills of exchange, drawn three months after sight, and attaches to them the bill of lading, invoice and insurance policy, the bills of exchange being then known as "Document Bills". These document bills he will sell to one of the Ceylon banks having a branch in London, and the Ceylon bank will then forward the bill of exchange to its London branch for collection.

Having shipped the tea and sold his bills, the Ceylon merchant will send to his London agent a copy of the invoice in a letter stating that a set of bills of exchange have been drawn upon him for the invoice amount.

When the bills of exchange arrive here, the London bank will at once present them to the agent for acceptance; and, as they are drawn three months after sight,

the date of his acceptance will determine the date on which they will become due.

When the ship arrives the agent will pass an entry for the tea at the Customs on the prescribed form, and will land and warehouse the tea in a bonded warehouse under a bank letter as follows :—

Example of a Bank Letter.

LONDON, 1*st January*, 1901.

THE BLANK BANK, L'D.
68 Threadneedle Street.
E. C.

DEAR SIRS,

Please allow THE MONASTERY BONDED TEA WAREHOUSE CO., LIMITED, to warehouse the following goods *Ex* 'Omrah," s.

A

London, 1/200 = 200 Chests Tea.

at their ABBEY WHARF, Bill of Lading being held by you.

We are,
Your obedient Servants,
JOSEPH & SONS.

Having filled in the necessary particulars, the agent will hand this letter to the wharfingers, who will take the letter to the bank named, and they will endorse the letter somewhat as follows :—

Example of an Endorsement on a Bank Letter.

As holders of the within tea, we assent to the tea being landed at the Blank Wharf.

For the A. B. Bank,
JAMES GREEN, Manager.

This bank letter, when so endorsed, is provisionally accepted by the shipbrokers in lieu of the bills of lading, and on the agent paying them the amount of freight a release is given for the tea to be landed, the wharfinger guaranteeing to the shipbrokers that the tea shall not be delivered from the warehouse, nor a warrant issued, until the bill of lading is lodged with them, so that although the tea is landed and warehoused the bank here is still the holder of the tea, they holding the bill of lading for it until the bills of exchange are paid.

A SAMPLING ORDER.

As soon as the tea is warehoused the agent will tell his brokers to sell the tea by public sale, and give them a sampling order on the wharf as follows :—

Example of a Sampling Order.

TO THE WHARFINGER OF THE BLANK WHARF.

Kindly allow Messrs. BROWN & JONES to sample

A

London, 1/40 = 40 Chests Tea *ex* "Omrah," s. @ Ceylon.

JAMES BLACK.

The selling brokers will present this sampling order at the wharf, draw samples and generally inspect the tea.

The tea is then catalogued for sale on a specified day, and before the sale it is valued and reported on to the agent by the selling brokers, the following being the general conditions of the sale :—

Example of the Conditions of Sale for Tea Sold by Public Auction.

INDIAN AND CEYLON TEAS.

CONDITIONS OF SALE.

1. The highest Bidder to be the Purchaser, and any dispute that may arise to be settled by the Selling Broker.

2. Brokers must declare, in writing, their Principals (to be approved by the Selling Brokers) within 24 hours after the purchase, or be held responsible: and those who may execute orders at this Sale for parties not resident in London shall produce a known agent here, who shall undertake to complete the Contract; in failure of which the Broker so buying shall be held responsible; and if any broker shall purchase for any person or persons under age, he shall be held responsible. In the case of Teas sold for Cash, the buying Broker to be held responsible.

3. Every person who shall be declared the highest Bidder shall pay to the Selling Broker a deposit of £1 per Chest at the time of Sale, if demanded, or on the Saturday following the day of Sale, or on the delivery of the Weight Notes; the remainder of the Purchase Money to be paid on or before Friday, Feb. 1st, 1901. Interest at the rate of £5 per Cent. per Annum will be allowed on payment of the Deposit, and on the remainder from the day of payment to the Prompt Day. The Tea to be taken by the Buyers at the Customs' Weight, and to be delivered in Bond, with Customs' Tare. Draft as usual. The "Customs' Weight" shall mean the full weight of the packages as landed, and shall include the odd ounces which the packages may weigh in excess of the Customs' inscribed weight; the only Tea which may be taken from the packages (*without returns*) before delivering them to the Buyer, shall be that drawn for Merchants' Samples and for necessary inspecting purposes.

4. These Teas have been weighed, inspected, bulked (in the country of production or London) and tared, and will be reweighed, papered, and leaded down, by the evening of the day after the day of sale. All packages will be nailed down within six days. Delivery will be given on the day after the day of sale, and up to the delivery of Weight Notes, on notice being given (in writing) the day before it is required, to the Selling Broker and Warehouse Keeper. The Buyer to have the option of refusing any packages as to which the above conditions have not been complied with. THREE CLEAR WORKING DAYS are to be allowed for delivery of Weight Notes. The Buyer to have the option of refusing to accept any lot or lots for which Weight Notes have not been delivered by the evening of the third day, by giving a written notice to that effect to the Selling Broker on the following morning, if, on application, he cannot then obtain them. Missing packages, if equal to bulk, and not more than 5 per cent., are exempted from this Condition, and are to be taken by the Buyer at the original price and prompt if tendered within fourteen working days from date of contract.

5. No claim for difference in bulk from show or selling sample will be entertained unless notified in writing to the Selling Broker within Three Working Days from the Day of Sale. No allowance will be made on account of any damage, rubbish, false package, or unequal goodness, found, or alleged to be found, after the Goods have been taken from the Warehouses.

6. All Tea sold at this Sale to be at the risk of the Sellers until the Prompt Day, unless paid for previously, but only to the extent of market value. In the event of non-delivery by loss from fire, the contract for such portion to be void, and the Deposit paid to be returned. Rent to commence from the Prompt Day.

7. Lot Money to the Selling Broker as usual.

8. If any Buyer shall fail to comply with the above Conditions, the Vendors shall be at liberty to resell the Teas either by Public or Private Sale, the Deficiency, if any, with Interest of Money, from the Prompt Day, Warehouse Rent, and all other charges and damages of every kind, to be chargeable to such Defaulter, and be recoverable against him at Law.

9. Any dispute that may arise concerning any parcel sold in this Catalogue to be referred to two Arbitrators (who must be members of either the Indian Tea Association, the Ceylon Association, in London, the Tea Buyers' Association, or of the Tea Brokers' Association of London) to be mutually chosen, and who are to appoint an Umpire, if necessary, the loser to pay the Fees (Two Guineas) to each Arbitrator, and Two Guineas to the Umpire if called in for all arbitrations, including attendance at the Warehouses if necessary.

The Prompt Date.

When the tea is sold the selling brokers pass contracts to both buyer and seller, the prompt (that is, the time fixed for payment) being three months from date of auction, the buyer paying a deposit at the time of sale and the balance on or before the prompt date.

Taking up the Bills.

The tea having now been sold, the agent must take up his bills from the bank in order to get possession of the goods, for it will be noticed that one of the conditions of sale is, delivery will be given on the day after the sale, and up to the delivery of weight notes, on notice being given in writing the day before it is required to the selling broker and warehouse keeper.

As soon as the agent has taken up his bills from the bank, he receives from them the bill of lading and insurance policy for the tea. The bill of lading he will lodge with the wharf (the wharfinger passing it on to the shipbroker), and the tea will then be held to his order.

Immediately after the sale, the selling broker (or sometimes the agent) will give instructions to the warehouse keeper to make out a warrant and a weight note for every six packages in the parcel.

Warehouse Warrants

and

Dock Warrants.

Warrants are known as dock warrants and warehouse warrants, according as the goods may be deposited in warehouse at the docks or in one of the recognised bonded or other warehouses.

A warrant may be defined as a document which is the evidence of the title of any person thereon named or his assigns, or the holder thereof to the property in any goods, wares or merchandise lying in any warehouse or at a dock or wharf, and signed and certified by or on behalf of the person having the custody of such goods, wares or merchandise. It is in fact a receipt for the goods, and contains all particulars of the goods it represents, showing the number of the lot, the rotation number, the warehouse where they are stored, the name of the party to whom they are deliverable, etc., as will be seen from the example given. The Inland Revenue duty on a warrant for goods is 3d.

A prime warrant means that only one warrant has been issued for the whole parcel of goods.

How Endorsed.

Like a Delivery Order (which see), a warrant is transferable by endorsement, and the remarks given on pp. 63-67 will, in the main, apply to warrants equally with Delivery Orders.

The following is a copy of a dock warrant:—

Example of a Dock Warrant.

_____ 19 _____ Wharf.

WARRANT

for Tea sold at Public Sale.

Ledger.

Warrant for 6 Chests of Ceylon Tea declared by the Importers to be Peckoe.

Ship "Kintuck," from Colombo.

Lot _____	
_____ 19	
Rotations.	
Warehouse.	Customs.
160	7640

Entered by _____ and sold by A. B. & Co. _____ 19 .

Deliverable to _____ or assigns by endorsement hereon. Rent commences on _____ at _____ per package per week and all other charges.

Prompt _____ 19 .

Marks.	Nos.	Gross Landing Weight.			Customs Tare.	Sale Draft.	Deliveries.				
							Date.	Nos.	On whose account and signature of bearer.	Conveyance.	Clerk's Initials.
		cwt.	qrs.	lb.	lb.	lb.					
Clerk.	Tare										
	Net					Per pro				.....	Wharf

Observe: A weight note for these goods has been issued and no delivery will be made under this warrant before the expiration of the prompt without the production of such weight note. The possessor of the weight note is entitled to this warrant upon complying with the condition of sale and paying the balance of the purchase money as expressed on the weight note on or before the expiration of the prompt. After partial deliveries, this warrant will be returned and the bearer thereof entitled to the remainder of the teas.

Example of a Weight Note.

Warrant. _____ Wharf.

No. _____

Lot _____

Weight Note for Six Chests of Ceylon Tea entered by _____ on the _____ 19

and declared to be imported on the steamer _____ Captain _____ and sold by W. Robinson

& Son at Public Sale the _____ 19 subject to the following conditions :—

Prompt _____ 19 .

Rent commences _____ 19 and all other charges from the date of the warrant.

Mark.	Dock Numbers.	Customs Landing Weights.	
		Cwts.	Lb.
	Tare	-	-
	Customs net	-	-
	Sale net	-	-

_____ engage to deliver to _____ or order the Warrant issued by the Proprietors for the goods hereon named upon complying with the conditions of sale and paying the balance of the purchase money on or before the expiration of the prompt.

A warrant for the above-mentioned goods having been issued, no delivery will be made without the production of such warrant and this weight note.

The holder is entitled to the warrant upon complying with the conditions of sale.

After the expiration of the prompt this weight note will be of no validity.

Weight Notes.

A weight note is a similar document to a warrant, except that the word "warrant" appears on one and the words "weight note" on the other.

The example on page 132 is the copy of a weight note.

The warrant is sent to the agent and the weight note to the selling brokers.

The selling brokers fill in the name of the purchaser on the weight note and deliver it to him.

Now a weight note is valueless without its corresponding warrant, and until the expiration of the prompt no delivery will be made against the warrant without producing its corresponding weight note, so that for the buyer to obtain possession of the tea he must pay the selling brokers the balance of the purchase money on or before the prompt date and hand them the weight note. The selling brokers will then send the weight note and an application for the corresponding warrant, together with cash, to the agent. The agent then gives up the warrant to the selling brokers, and they hand over the warrant, together with the weight note returned, to the buyer, when he can either pay the duty and get possession of the tea or lodge the warrant and weight note with the warehouse keeper and obtain a fresh warrant made out in his own name.

CHAPTER V.

Marine Insurance.

While our goods are in transit, or in the course of shipment, it is usual to insure them in case of loss or damage while on board, for it should be remembered that the shippers and shipowners are liable, not only to suffer the loss or damage incurred by their particular property during a voyage, but also to contribute a proportion to cover any loss or damage resulting to or incurred by any of the other interests, where it has been incurred for the general benefit or safety of the whole; and, to safeguard themselves against these contingencies, business men protect themselves by an insurance on the goods they ship.

Marine insurance is accomplished by means of a stamped document, called a policy of insurance, wherein certain persons, called insurers or underwriters, engage, for an agreed consideration, called premium, to take the risk of certain losses by sea and navigation on themselves, and, in the case of loss, undertake to indemnify the assured (the name by which the owner of the ship, goods or other interest is called) for the amount of loss sustained.

Underwriters.

Underwriters are divided into two classes—the Association of Lloyd's and the various marine insurance companies. Generally speaking, insurances can be effected cheaper at Lloyd's than with the marine insurance companies, for although Lloyd's is an association, each member of it trades on his own responsibility and capital, or, where an underwriter signs for another, as many of them do, on the capital of the parties he represents; and as some insurers do not consider individual underwriters so safe as many of the powerful marine insurance companies, who trade with capitals of hundreds of thousands of pounds, the companies manage to get a good share of the business offering.

Lloyd's.

Lloyd's is a name given to the place of general insurance business, from that of the proprietor of a coffee-house, formerly used for the same purpose, in Lombard Street. The concern was afterwards removed to Pope's Head Alley, where it was called New Lloyd's, and subsequently, in 1773, to some rooms in the upper part of the Royal Exchange; and the interest in the same having long since been purchased of the proprietor, it has from that time been placed under the management of a committee of the members.

Premium.

A premium of insurance is commonly for a specified voyage, as from one port to another, or to various ports; or from a ship's departure from a given port until her return, as out and home; and sometimes, when upon the ship or the freight, it is for a limited time, as a rate per month; but when the time is thus specified, the insurance cannot be in force for a longer period than twelve months without being renewed by a fresh policy.

Return of Premiums.

A return of premium is claimable, unless precluded by any illegality in the transaction, (1) when there has been no risk upon the policy, and it thus becomes wholly cancelled; (2) when there has been an over-insurance, forming what is called a short interest; (3) when the conditions of the policy prescribe such return, as, for instance, if the voyage is shorter than the whole distance which is covered by the full or long premium, or if the goods that are shipped are of a preferable quality, as indigo or silk in what is called a sugar risk.

In estimating the amount of the return of premium, either for cancelment of the policy or for short interest, the rate or the amount of the return is to be according to what the insurers or underwriters have received, or deducting the previous allowances they have made.

In making returns of premium, as well as in other settlements of insurances, a distinction is often made in policies as being either valued or open.

A Valued Policy.

A *Valued Policy* is one in which either the whole of the insured interest is valued at a given sum, or the various portions into which the interest may be divided are estimated from a *pro ratâ* valuation. In any averment of fraudulent over-valuation, the burden of proof lies on the underwriter.

An Open Policy.

An *Open Policy* is one in which, at the time of effecting the insurance, it is stated that the interest is to be hereafter declared. The interest so insured may be either indefinite, as when it is not known what property is to

be shipped, or it may be made definite by giving it a ratable value.

Running Policies.

Sometimes an insured interest partakes of both the preceding characters, and open policies are frequently of the class called *Running Policies*, when the risk attaches to the property on board of ship or ships, during a season, or to a specified day.

Return of Premium for Cancelment of the Policy.

A want of interest may arise either from the contemplated voyage or hazard of the goods not taking place, from the voyage not having been commenced within a specified time, from the goods not having been sent by the vessel named in the policy, or from any departure from the terms of the policy before the risk has begun. In all such cases, if the subject of the insurance has not been illegal, the underwriters or companies are bound to return the premium, or to allow it in account.

The brokerage is, however, always to be deducted or allowed on such returns; for if the assured has transacted his own business, he has had it previously allowed to him, or if he has employed a broker, the latter, being his agent, has had a claim to the commission.

The discount, with the companies, comes under the same rule, for if before allowed upon the premium, it must be allowed on the return.

In insurance at Lloyd's, the policies are furnished by the brokers. In insurances with the companies, the policies are provided by them. In both cases, necessarily, at the expense of the assured.

Return of Premium for Short Interest.

When at the time of effecting an insurance it is uncertain what quantity or what sort of goods may be shipped, it is usual to insert, in that clause of the policy which states the agreement between the assurers and the assured as to the value, words to this effect; that the insurance is upon goods as interest shall appear or be hereafter declared, and it is generally added, that certain enumerated goods, as sugar, indigo, silk, etc., are to be valued at a stated rate per hhd., chest, bale, etc., either in sterling or in foreign money at a specified rate of exchange. This rate of exchange is also sometimes expressed, when it is possible that a valuation may have to be made upon the invoice amount of an undefined shipment. If, therefore, in such an insurance the interest declared or shipped does not amount to the sum insured, the assured has a claim for a return of premium on the short interest or the amount over-insured, under the same conditions as on the cancelment of the policy.

Example.

To find the amount of the claim for return for short interest upon a policy of insurance effected at Lloyd's, for £1,700 at 50s. per cent., the amount of the declared interest being £1,464.

Insured Interest - - -	£1,700 0 0
Declared do. - - -	1,464 0 0
Short do. - - -	£236 0 0

£236 at 47s. 6d. per cent. = £5 12 1
As £1,700 : £5 12 1 : : £100 : 6s. 8d.
And £1,700 at 6s. 8d. per cent. = £5 13s. 4d. Claim.

Return of Premium for Various Claims Combined.

To find the amount of the claim for returns upon an insurance for £5,000, effected with the Universal Marine Insurance, on bullion and specie from Vera Cruz to London, at 20s. per cent., to return at 4s. 9d. per cent., if shipped per packet or man-of-war, the amount of the declared interest which arrived per packet being $16,500, valued at 4s. 2d. per $, the premium having been settled in monthly account.

Insured Interest - - - -	£5,000 0 0
Declared Interest, $16,500 at 4s. 2d. -	3,437 10 0
Short Interest -	£1,562 10 0

Returns on—

£3,437 10s. at 4s. 9d. °/₀ for Interest per Packet -	£8 3 3
£1,562 10s. at 19s. °/₀ for Short Interest - -	14 16 10
	£23 0 1
Less 10 °/₀ -	2 6 0
Claim	£20 14 1

Covered Interest in Open Policies.

When it is required to ascertain what amount will cover the amount of the goods, and of other charges except those of insurance, this amount is to be found by the following rule :—

Rule.—Subtract the amount of the premium, policy and other percentage insurance charges, if any, from £100; then say, as the remainder is to £100 so is the sum to be covered to the amount of the covered interest.

Example.

To find the amount of the covered interest to include £567 10s. 6d., the premium being 2½ guineas, the policy 4s., and the agent's commission ½ per cent.

£100 less £3 6s. 6d. = £96 13s. 6d.

As £96 13s. 6d. : £100 : : £567 10s. 6d. : Ans.

Product, £587 0s. 10d. Covered Interest.

When a claim is made upon the underwriters for any partial loss upon the declared interest, the amount of such claim is taken from the amount of that interest, and any return of premium for short distance (or for convoy in time of war), etc., is calculated on the remainder.

When the insurance has been effected at Lloyd's, the amount of the return for short interest is to be percentaged upon the amount insured, in order to distribute it among the separate underwriters, and then the amount to be recovered from them is to be calculated, with this rate upon the insured interest; but in insurances with the companies this is not required to be done.

Return of Stamp-Duty.

A return of the stamp-duty is allowed in exchange for another policy, at the stamp office, provided the original policy has not been signed by the underwriters and has never been in force.

Where Marine Insurance Commences and Where it Ends.

An insurance "from London to Bombay" commences on the sailing of the vessel.

An insurance "at and from London to Bombay" commences as soon as the goods are insured, and consequently it covers the risk while the vessel is in port as well as while she is sailing, and until the goods are safely landed.

Insurance on cargo continues until the goods have been safely landed on *terra firma* or a quay wharf, or other usual place of discharge.

A Slip.

The mode of effecting an insurance at Lloyd's is this: The clerk writes on a piece of paper, called a "slip," the name of the ship, the particulars of the voyage entered into, or to be entered upon, the nature of the goods, and the amount to be insured upon them. He should also state the conditions upon which the insurance is required—whether it is to cover all risks or to be free of particular average, or what—and if he is used to insuring goods he would add the rate of premium he thinks the insurance should be done at.

On the following page an example is given of the usual form of "slip".

This is a "slip" for insuring goods outwards to cover all risks except the war risk.

The S. or S.S. after the vessel's name means that she is a steamer, and insurances on steamers can be effected cheaper than on sailing vessels.

Example of a Marine Insurance Slip.

W. JONES & Co.

16/1/91.

COPERNICUS. S.

Liverpool to Brazil.

GOODS.

To pay average on each package, separately or on the whole.

f. g. a. and *f. c. s.*

£2,100 @ 15/-.

A M D 110/114—5B/. canvas valued £550

T A F 1/15—15B/. cottons ,, 760

B F 20/32—13C/. hardware ,, 790

f. g. a. means foreign general average, and this indicates that underwriters are to pay for any general average according to the statement made abroad, should it be made there.

f. c. s. means free of capture and seizure. In times of peace, or when no war is proved, underwriters take the risk of capture and seizure without charging any extra premium, and the letters are not then written on the slips.

The premium of 15s. is of course to be paid on each £100 of the amount insured, as a premium is always at so much per cent.

Sometimes the marks and particulars of the goods are written on the back of the slip.

The following is a slip for insurance on the cargo of a vessel which has been chartered to call at Lisbon for orders, and it will be seen that it sets forth the range of ports the vessel can be ordered to discharge at according to her charter. The insurance is done at 60s. per £100, but if the ship discharges in the Mediterranean, or the Adriatic, the Underwriters will return the merchant 33s. 3d. per £100 of this premium; if she discharges at one of the German ports, they will return 9s. 6d.; and if she discharges at any other of the Continental ports except Hâvre, they will return 19s.; if she discharges in the United Kingdom or at Hâvre, no return will be made. The underwriters are not liable for particular average unless the vessel discharges in the United Kingdom or at Hâvre. Should any claim for particular average arise on her discharge in either of these two places, it is either to be paid on each fifty bags of coffee or on the whole cargo, as the merchant may elect.

Example of a Marine Insurance Slip.

W. JONES & Co.

16/1/91.

REBECCA.

Rio Janeiro.

to

A port in the U. K., or on the Continent between Hâvre and Hamburg, both inclusive, or Mediterranean as high as Trieste included, calling at Lisbon for orders on 4,175 bags of coffee.

Valued at £11,500

@ 60/.

Ret^{n}. 33/3 for Medit. and Adriatic.
,, 9/6 ,, German ports.
,, 19/. ,, Other Continental ports except Hâvre.

f. g. a. and *f. c. s.*

f. p. a., out of the U. K. except Hâvre, av^{e}. on each 50 ^{B}/ &c.

RATES OF PREMIUM.

The rate of premium to be paid on goods will vary very much according to the nature of the ship and merchandise, the voyage and the time of the year, the amount to be insured and the conditions upon which the insurance is to be effected, and so on.

The rates of premiums and the risks of insurances have frequently peculiar terms, according to their nature or their application; thus there are summer premiums and winter premiums; long premiums, when there may be a return of premium upon stipulated conditions, and short premiums, when, a return is excluded or not named; Baltic risks, Mediterranean risks, etc., etc.

The rates of premiums are always percentages, the higher rates, as well as some lower ones, being frequently in guineas or parts of a guinea per cent.; otherwise they are in pounds or shillings per cent. or even pence.

Having filled in the slip, the clerk will take it upstairs to the underwriters' room, at the Royal Exchange, and show it to one of the members with whom his employers are in the habit of insuring their goods, when the underwriter writes on the slip his initials, the proportion of the risk he will accept, and, where not satisfied with the rate filled in, the premium he will charge. Having obtained one signature, the clerk will go to another member, and so pass on from one to another until he has completed the amount he wishes to insure. The insurance is then considered to be done and in full effect, although the signed and stamped policy may not be ready for some days later.

A person used to insuring goods at Lloyd's will soon find that there are certain leading underwriters there, and that when he has got one of them to initial a slip for him he will have no difficulty in getting others to follow at the same rate.

Blank forms of policies may be obtained at Lloyd's, and after being filled in they must be signed by all the underwriters who have previously initialled the slip.

No policy of marine insurance can be made for any time exceeding twelve months.

Stamp Duty on Policies.

On Voyage Policies :—

For every £100 insured and for every fractional part of £100, 3d. per cent where the premium is over 2s. 6d. per cent; under that rate the duty on any sum is one penny only.

On Time Policies :—

For every £100 insured and for every fractional part of £100, where the time does not exceed six months, 3d. per cent.; where the time exceeds six months, 6d. per cent.

Lloyd's Insurance Policy.

The forms and conditions of the policies used by underwriters slightly differ from those used by the chartered companies. Their general tenor being, however, the same, and for the information of those who are unacquainted with insurances, we give below a copy of

a policy as used at Lloyd's. It is also to be observed that an original document occupies only one large page, and that to each underwriter's signature is added the amount, both in words and figures, of the risk which he has undertaken ; and it is requisite also to state the day and year on which the signature is affixed, in order to give validity to the insurance.

It may be here observed that in policies of insurance from one foreign port to another, as from Rio to Trieste an addition is sometimes made to the memorandum, giving permission for any average to be made up according to the custom of the port of discharge.

With merchants who are in the habit of regularly insuring goods with an underwriter the premium on a policy is not paid at once, but is passed to their account for settlement at regular intervals.

Underwriting by Power of Attorney.

It generally happens that an underwriter divides a portion of the risk undertaken among the various parties he represents, and they do not appear as signatories to the policy, but have given the underwriter power to underwrite and sign for them. Suppose, for instance, that James Brown initialled the slip for £300, he will often sign the policy as follows :—

James Brown for Tom Smith, £100.
James Brown for Frank Jones, £100.
James Brown for George Green, £100.

thus dividing the risk equally between the persons he signs for and represents.

Example of a Lloyd's Insurance Policy.

S.G.

£

(*No.*)

BE IT KNOWN THAT

as well in own Name, as for and in the Name or Names of all and every other Person or Persons to whom the same doth, may, or shall appertain in part or in all, doth make assurance, and cause and them and every of them, to be insured, lost or not lost, at and from

upon any kinds of Goods and Merchandises, and also upon the Body, Tackle, Apparel, Ordnance, Munition, Artillery, Boat and other Furniture, of and in the good ship or Vessel, called the

whereof is Master, under God for this present voyage, or whosoever else shall go for Master in the said Ship, or by whatsoever other Name or Names the said Ship, or the Master thereof, is or shall be named or called, beginning the Adventure upon the said Goods or Merchandises from the loading thereof aboard the said Ship at as above upon the said Ship, &c., and shall so continue and endure, during her abode there upon the said Ship, &c.; and further, until the said Ship, with all her Ordnance, Tackle, Apparel, &c., and Goods and Merchandises, whatsoever, shall be arrived at as above upon the said Ship, &c., until she hath moored at Anchor Twenty-four Hours in good Safety, and upon the Goods and Merchandises, until the same be there discharged and safely landed; and it shall be lawful for the said Ship, &c., in this Voyage to proceed and sail to and touch and stay at any Ports or Places whatsoever without Prejudice to this Insurance. The said Ship, &c., Goods and Merchandises, &c., for so much as concerns the Assured, by Agreement between the Assured and the Assurers in this Policy, are and shall be valued at

Any person not an Underwriting Member of Lloyd's subscribing this policy, or any person uttering the same if so subscribed, will be liable to be proceeded against under Sec. 31 of Lloyd's Act.

[1] TOUCHING the adventures and perils which we the Assurers are contented to bear and do take upon us in this voyage, they are, of the Seas, Men-of-War, Fire, Enemies, Pirates, Rovers, Thieves, Jettisons, Letters of Mart and Countermart, Surprisals, Takings at Sea, Arrests, Restraints and Detainments of all Kings, Princes, and People of what Nation, Condition, or Quality soever, Barratry of the Master and Mariners, and of all other Perils, Losses, Misfortunes that have or shall come to the Hurt, Detriment, or Damage of the said Goods and Merchandises and Ship, &c., or any part thereof;[2] and in case of any Loss or Misfortune, it shall be lawful to the Assured, their factors, Servants, and Assigns, to sue, labour, and travel for, in, and about the Defence, Safeguard, and Recovery of the said Goods and Merchandises and Ship, &c., or any part thereof, without prejudice to this Insurance; to the charges wherof we, the Assurers, will contribute, each one according to the Rate and Quantity of his sum herein assured.[3] And it is agreed by us, the Insurers, that this writing or Policy of Assurance shall be of as much force and effect as the surest Writing or Policy of Assurance heretofore made in Lombard Street, or in the Royal Exchange, or elsewhere in London.[4] And so we the Assurers are contented, and do hereby promise and bind ourselves, each one for his own part, our Heirs, Executors, and Goods, to the Assured, their Executors, Administrators, and Assigns, for the true Performance of the Premises,[5] confessing ourselves paid the Consideration due unto us for this Assurance by the Assured, at and after the Rate of[6]

[7] IN WITNESS whereof, we the Assurers have subscribed our Names and Sums assured in London.[8]

[9] N.B.—Corn, Fish, Salt, Fruit, Flour, and Seed are warranted free from Average, unless general, or the ship be stranded; Sugar, Tobacco, Hemp, Flax, Hides, and Skins are warranted free from Average under Five Pounds per cent.; and all other Goods, also the Ship and Freight, are warranted free from Average under Three Pounds per cent., unless general, or the Ship be stranded.[10]

Explanation of a Policy.

In elucidation of the peculiar terms used, we give the following explanation of the wording of a Lloyd's policy:—

The letters S.G. means ship and goods, because the form of policy used by Lloyd's is applicable to either or both of these interests.

The clause between the	figures	1	and	2	is the risks undertaken.
,,	,,	2	,,	3	,, sue and labour clause.
,,	,,	3	,,	4	,, confirmation clause.
,,	,,	4	,,	5	,, binding clause.
,,	,,	5	,,	6	,, receipt clause.
,,	,,	7	,,	8	,, confirmation.
,,	,,	9	,,	10	,, warranty or memorandum.

The reason why corn, fish, salt, fruit, flour and seed are warranted free from average unless general, or the ship be stranded (which also extends to vessels being sunk or burnt), is that they are by nature so very susceptible to irreclaimable damage by the slightest contact of sea-water, and also by inherent causes, such as heating and sprouting of grain, or rotting of fruit and fish, which may arise without sea-water contact.

Sugar, tobacco, hemp, flax, hides and skins are warranted free from average under five per cent., and all other goods under three per cent., unless general, or the ship be stranded.

Both of these clauses are inserted to protect underwriters against vexatious and trifling claims on ship's goods and freight. These clauses are fully dealt with under the heading of average.

Marine Insurance Companies.

The only chartered companies which were formerly authorised to subscribe policies of marine insurance were the London and the Royal Exchange Assurance Companies. This exclusive privilege was conferred upon them by authority of an Act of Parliament passed in 1719, but this act having been repealed in 1824, various other companies have since been incorporated, and it is still considered to be illegal, under the penalties of rendering the insurance void and of forfeiting an amount equal to the sum subscribed, for a partnership firm to be affixed as underwriters to a policy; a restriction which is, however, rendered in a great measure nugatory by the subscription of their separate signatures, or by one party acting for the others as their agent.

In effecting insurance with a marine insurance company, the clerk will take his slip (made out as shown on pp. 142-144) to the company's office, and an officer there, if he is willing to accept the risk offered, will initial the slip, after which the clerk will fill in the company's form or slip, which they return and from which the policy is made out by them.

Some companies use a covering note as an interim policy instead of a slip, but the form is much the same.

The companies always make out their own policies, using their own forms, and deliver them when ready. The forms and the conditions of a policy used by companies slightly differ from those used by Lloyd's, but their general tenor is the same.

On page 152 is a copy of a company's covering note, and on page 153 we give a copy of a company's form of policy as now used.

Example of a Company's Covering Note.

THE BLANK INSURANCE COMPANY, LONDON.

No. _____ *DATE* _____ 190

POLICY IN NAME OF	VESSEL.	VOYAGE.	PARTICULARS OF INTEREST.	AMOUNT INSURED.	RATE.	
TO DEBIT OF	Freight, chartered or not chartered, is warranted free from any claim consequent upon detention or loss of time, whether arising from a peril of the sea or otherwise. If Fire risk on land is covered by the Society's policy, it is agreed that such risk shall cease as soon as a Fire policy has been effected in respect of the same interest.	*Warranted free of capture, seizure, and detention, and the consequences thereof, or any attempt thereat, piracy excepted, and also from all consequences of riots, civil commotions, hostilities, or warlike operations, whether before or after declaration of war.* POLICY TO BE MADE PAYABLE IN_____ Grounding in the Suez Canal and/or between Manchester and Liverpool, both inclusive, not to be deemed a Strand, but Underwriters to pay any damage or loss which may be proved to have directly resulted therefrom.	£		*Duty*	£ ,, ,, 5% ,, ,, ,, ,, 10% ,, ,, ,, ,, 3d.% ,, ,, £ ,, ,,

Example of a Company's Marine Insurance Policy Payable Abroad.

THE BLANK INSURANCE COMPANY, LIMITED.

No.

PAYABLE IN HONGKONG.

AMOUNT INSURED £ _____

Premium at per Cent. £

Duty at ,, £

£

This Insurance is declared to be payable in HONGKONG at the current Exchange; or by a Bill in Sterling, at fifteen days' sight, on the Agents in London, at the option of the Assured, such option to be exercised when notice of claim is given.

BE IT KNOWN THAT

As well in own Name, as for and in the Name and Names of all and every other Person or Persons to whom the same doth, may, or shall appertain in part or in all; do make ASSURANCE, and hereby cause and them and every of them, to be insured, lost or not lost, at and from the Port of

TO

with leave to touch and trade at all intermediate Ports and Places, upon any kind of Goods and Merchandises, or Treasure, of and in the good Ship or Vessel called the

Burthen Tons, or thereabouts, whereof is Master, under God, for this present Voyage or whosoever else shall go for Master in the said Ship or Vessel, or by whatsoever other Name or Names the said Ship or Vessel, or the Master thereof, is or shall be named or called; BEGINNING the Adventure upon the said Goods and Merchandises whatsoever from the Land, and so to continue and endure, until the said Goods and Merchandises shall be safely landed from on board the said Ship or Vessel, at the aforesaid Port of

and it shall be lawful for the said Ship or Vessel, in this Voyage, to proceed and sail to, and touch and stay at, any Ports or Places whatsoever, within the limits of the above Voyage, for necessary Provisions, Assistance, or Repairs, without prejudice to this INSURANCE; the said Goods and Merchandises, or Treasure, laden therein, for so

(*Continued.*)

(*Continued.*)
much as concerns the ASSURED, are and shall be rated and valued at

Warranted free of capture, seizure, and detention, and the consequences of any attempt thereat, and from all consequences of hostilities or warlike operations, whether before or after declaration of war.

which shall be proved in case of loss (which God forbid !)—Touching the Adventures and Perils which we the Assurers are content to bear, and to take upon us in this Voyage; they are of the Seas, Men of War, Fire, Enemies, Pirates, Rovers, Thieves, Jettisons, Letters of Mart and Countermart, Surprisals and Takings at Sea, Arrests, Restraints, and Detainments, of all Kings, Princes, and People, of what Nation, Condition, and Quality soever; Barratry of the Master and Mariners, and of all other Perils, Losses, and Misfortunes, that have or shall come to the Hurt, Detriment, or Damage of the said Goods and Merchandises, or any part thereof; and in case of any Loss or Misfortune, it shall be lawful for the Assured, his or their Factors, Servants, or Assigns, to sue, labour, and travel for, in and about the Defence, Safeguard, and Recovery of the said Goods and Merchandises, or any part thereof, without prejudice to this ASSURANCE, to the Charges whereof, We, the ASSURERS, will contribute. AND so We, the ASSURERS, are content, and do hereby promise and bind Ourselves, our Heirs, Executors, Goods and Chattels, to the Assured, his or their Executors, Administrators, or Assigns, for the true performance of these premises; confessing ourselves paid the consideration due unto us for this ASSURANCE, at and after the rate of

AND FURTHER, We, the ASSURERS, DO HEREBY covenant, promise, and agree, and oblige ourselves, our Heirs, Executors, Goods and Chattels, in case of Loss happening (which God forbid !)—to satisfy and pay in HONGKONG the Sum of Money by us so ASSURED, at the expiration of One Month after the proper notice of the Loss is given to Messieurs JAMES BLANK, SON & Co., General Agents for

Grounding in the Suez Canal not to be considered a stranding within the terms of the Policy.

the Office in HONGKONG, and at the Current Exchange, no abatement whatsoever to be made, but to pay the full sum, any Use or Custom to the contrary, notwithstanding. The adjustment of all average Losses, and other Matters relating to this Insurance, shall, in like manner, be made by the Agents of the Office in HONGKONG, agreeably to the tenor of the Policy, and according to the established practice there in such cases.

*** *Corn, Fish, Salt, Saltpetre, Fruit, Flour, and Seed are warranted free from average: Sugar, Jagry, and Rice, are warranted free from average, under* Five per cent., *and all other Goods free of average, under* Three per cent., *unless general, or the ship be stranded. Vessel and Freight free from average under* per cent. ALL METALS ARE WARRANTED FREE FROM PARTICULAR AVERAGE, *and this Office not liable for loss arising from leakage or breakage of or to any liquid or liquid package.*

NOTE.—*In the event of damage during the voyage, Notice thereof to be given to the Agents of the Office before the Goods are surveyed.*

IN WITNESS whereof, We, the Agents of the BLANK INSURANCE OFFICE, LIMITED, by virtue of a Power of Attorney from the General Agents thereof, on behalf of the said Office, have subscribed our names in LONDON, for the sum assured, to Two Policies (one being duly stamped) of the same tenor and date the one of which being accomplished, the other to stand void, this

day of in the year of our Lord one thousand nine hundred and

_____ _____Agents in London.

Marine Insurance Brokers.

Of course all insurances are not made direct with the underwriters, a very large proportion of them being made through insurance brokers, to whom only a note of the particulars of the required insurance is given, and they attend to all the details relating to it, sending on the policy as soon as it is completed. The charge made to the assured by brokers or agents for the policy duty is often rated at 5 per cent. or 10 per cent. above the actual duty on account of credit and interest.

Marine Insurance Brokerage.

At Lloyd's the allowance for brokerage is 1/- in the guinea when the rate of premium is in guineas, or 1/- in the £ when the rate is in £ s. d. per cent. A 1/- in the £ is 5 per cent.; a 1/- in the guinea is only £4 15s. 3d. per cent., but the difference is not considered material.

With the companies the brokerage is the same upon any rate of premium, with the further allowance of 10 per cent., called discount, for monthly settlements.

Marine Insurance Discount.

Besides the allowance for brokerage on premiums named above, Lloyd's formerly gave a discount of 12 per cent. upon the balance of the yearly account, when in favour of the underwriters, upon the settlement of the account, and the custom still maintains in a few instances with some of the older firms.

The companies also make an allowance to parties having accounts opened with them; but if these accounts

are settled monthly, or if the premium is paid at the time of effecting the insurance, besides the 5 per cent. on the premium, a further allowance of 10 per cent. is made on the remainder, as a discount, practically in the same manner as at Lloyd's.

Lloyd's Clauses.

The following clauses have been adopted by underwriters at Lloyd's, so that the phraseology shall have a uniform wording where no special agreement to the contrary has been arranged:—

F. P. A. (Free of Particular Average)—
Warranted free from particular average unless the vessel or craft be stranded, sunk or burnt, each craft or lighter being deemed a separate insurance.

G. A. (General Average)—
General average and salvage charges payable as per official foreign adjustment if so made up, or per York-Antwerp rules, if in accordance with the contract for affreightment.

F. C. & S. (Free of Capture and Seizure)—
Warranted free of capture, seizure and detention, and the consequences thereof or of any attempt thereat, piracy excepted, and also from all consequences of hostilities or warlike operations whether before or after declaration of war.

Deviation—
In the event of the vessel making any deviation or change of voyage, it is mutually agreed that such deviation or change shall be held covered at a premium to be arranged, provided due notice be given by the assured on receipt of advice of such deviation or change of voyage.

No Thirds as applying to Iron Ships and Steamers—
No thirds to be deducted, except as regards hemp rigging and ropes, sails and wooden deck.

Continuation Clause on Ship or Ship's Policies—
In the event of any shipment coming upon this policy, the value of which is in excess of the sum then remaining available, it is mutually agreed that the underwriters shall grant a policy

for such excess up to but not beyond the amount of this policy, and the assured shall pay the premium thereon at the same rate.

Continuation Clause on Time Policies—

Should the vessel hereby insured be at sea on the expiration of this policy, it is agreed to hold her covered until arrival at port of destination at a premium to be arranged, provided due notice be given on or before the expiration of this policy.

Lloyd's Warranties—

Warranted not to sail from the Baltic, White or Black Sea, or British North America, between the 1st day of October and the 1st day of April; nor from the West Indies or Gulf of Mexico between the 1st day of August and the 12th day of January; nor to sail to the Baltic before the 20th day of March, nor after the 10th day of September, and not to go to the Azores.

M. C. (Metalling Clause)—

Warranted free from particular average below the load water-line, unless occasioned by fire or contact with some substance other than water.

The Names of the Policies Issued.

Policies are known by various names, and the principal policies issued are:—

A Valued Policy is one in which either the whole of the insured interest is valued at a given sum, as expressed on the face of the policy, or the various portions into which the interest may be divided are estimated from a *pro ratâ* valuation.

An Open Policy is one in which, at the time of effecting the insurance, it is stated that the interest is to be hereafter declared. The interest so insured may be either indefinite, as when it is not known what property is to be shipped, or it may be made definite by giving it a rateable value. Sometimes it partakes of both of the preceding characters, and open policies are frequently of the class called running policies, when the risk attaches to the property on board a ship or ships during a season or to a specified day.

A Voyage Policy is a policy covering a certain voyage, as from London to Bombay, and may include various ports of call, but these, of course, would be specified.

Time Policy is a policy covering insurance till a certain date and which terminates on a specified time, as till noon on the 2nd October, 1901. They are usually on the hulls of steamers, with separate valuation as between the hull and machinery and (sometimes) the boilers.

No marine insurance policy can be in force for more than twelve months.

An Interest Policy is one in which some real and specified interest is insured, as 200 cases of sugar.

A Wager Policy is one used for insuring profits or one in which there is no real interest at risk, and the underwriters agree to dispense with the usual documents which are generally used to prove a loss. Such policies have the words, "Interest or no interest," "Policy proof of interest," "Without benefit of salvage," "Profit on 200 cases of sugar," and similar phrases.

A Named Policy is one in which the steamer's name is inserted—the steamer is named.

A Floating Policy is where, when insuring goods and the name of the steamer which is to carry them is not known, the policy insures "any ship or ships," or "steamer or steamers," for a named sum, and as each vessel is fixed, declarations are afterwards endorsed on the policies giving the various steamers' names and the amounts which are apportioned to them.

Clauses on a Policy.

The wording of an insurance policy does not cover all the risks of navigation to meet every case, and clauses are therefore often added to a policy to limit or extend the risk undertaken. The following clauses are commonly used:—

The Metalling Clause.—This usually reads: "Warranted free from particular average below the load water-line, unless occasioned by fire or contact with some substance other than water," and underwriters insert this to limit their liability in case of particular average to the repair of damage above the water-line, unless the damage is caused by fire or through contact with some substance other than water.

The Waiver Clause.—This clause usually reads: "It is expressly declared and agreed that no acts of the insurer or insured in recovering, saving or preserving the property insured shall be considered as a waiver

or acceptance of abandonment;" and this clause involves both the underwriter and the assured, in the case of any accident to the vessel, to do such acts as they may think necessary, either to prevent or to diminish a loss without compromising their rights as defined by the general wording of the policy.

The Hide Clause.—Hides are generally insured F. P. A., but with the condition that the underwriters pay the expense of washing and drying any that may become "washed" or sea-damaged; and when the hide clause is inserted on a policy it means that the underwriters agree to the terms named.

The Running-Down Clause.—Policies of insurance on ships often contain a clause called the running-down clause, by which the underwriters bind themselves to pay a certain proportion of the damages which may be assessed by a court of law against the insured vessel for damage occasioned by her to another vessel in collision.

Various Other Clauses.

Besides the clauses named, various other clauses are used either in printed slips, which are attached to a policy, or they are printed or written on the policy itself. The following are a few of the clauses used:—

Including all risks incidental to steam navigation, and all clauses, conditions and liberties as per bills of lading or charter party.

With leave to call and/or tranship at all ports and places on the passage, intermediate or otherwise, for any purpose whatsoever.

With leave to sail with or without a pilot, to tow and to be towed and to assist vessels in all situations without being deemed a deviation, and without prejudice to this insurance.

Including all risk from the warehouse, factory or calendar, while in transit by railway, or any conveyances, and while in warehouse and/or shed, or on wharf awaiting shipment, and of transhipment, and all risk of craft, lighters, and/or boats to and from the vessel, and particularly any special lighterage, and all risk of landing from the ship at the docks, or other places of discharge of the vessel and while there, and of lighterage thence, and all risks, particularly of fire, until safely delivered into the consignee's wharf or place of ultimate destination, and all risks from the import steamer and/or ship and/or docks and/or wharf to export vessel.

Total loss of any package or packages to be recoverable as if separately insured. Particular average payable as customary.

General average, salvage, and special charges payable according to foreign statement, or per York-Antwerp rules if required.

Held covered in the event of deviation at a premium to be hereafter arranged.

Warranted free from capture, seizure, and detention, and the consequences thereof, or any attempt thereat, piracy excepted, and also from all consequences of riots, civil commotions, hostilities, or warlike operations.

Abbreviations used in Insurance.

The following abbreviations are recognised in all marine insurance affairs:—

F. C. S.—Free of capture and seizure.
F. C. & S.— " "
F. G. A.—Foreign general average.
F. P. A.—Free of particular average.
F. A. A.—Free of all average.
R. D. C.—Running-down clause.
T. L. O.—Total loss only.
M. C.—Metalling clause.
A. R.—All risks.
A. A. R.—Against all risks.
G/A.—General average.

A marine insurance policy, as will be seen, will not in all cases protect the insurer against loss, and the following are some further exceptions:—

Underwriters are not liable for loss to goods occasioned by the act of our own Government; as, for instance, when goods are destroyed at sea by a British man-of-war.

Nor are they liable for loss occasioned by a breach of the revenue laws on the part of the shipowner, although they are liable for loss due to any illegal acts on the part of the captain or crew of a vessel.

Neither are they liable for any loss occasioned by a breach of the law of nations, such as running a blockade.

Nor are they liable for losses incurred after a deviation from the conditions of the insurance has taken place; as, for instance, if a vessel on a voyage, not being in danger or in difficulty, calls at a port not comprehended in the policy, such as calling at Lisbon on a voyage from London to St. Michael's, the underwriters on the ship, and also those on the cargo, would not be liable to make good any loss incurred after such calling at Lisbon had taken place.

Nor would they be liable for loss or damage either to ship or cargo if the ship failed to sail by the date mentioned in the policy, as the time of sailing materially affects the risk of some voyages. Of course the owner of goods would have his remedy against the shipowner for loss or damage incurred through the deviation or failure to sail according to contract.

Underwriters are also not liable if they can show that the vessel carrying the goods was unseaworthy at the commencement of the voyage; that is to say, if she was out of repair, short of stores, provisions, or crew, or not ably commanded.

Re-Insurance.

An underwriter, after having taken a risk, is sometimes dissatisfied with the insurance he has taken upon himself, or he fears that where a steamer is overdue and has not been reported the vessel may have foundered, and in such cases he re-insures his interest with other underwriters more venturesome than himself by paying them a higher premium than he has himself received, when there is said to be a re-insurance. Re-insurance is, at times, very satisfactory, and cases of vessels arriving safely after having been re-insured at heavy premiums are not uncommon.

Again where an underwriter finds that, by declarations on open, or floating policies, the amount of risk becomes, by such declarations, far in excess of his normal line—that is, the amount he is satisfied to run—he then re-insures the excess beyond such amount, generally at the same rate of premium as that received by him.

CHAPTER VI.

General Average.

General average is a contribution, according to value made by the whole of the interests concerned in a ship or cargo, to pay for any loss, damage or disbursement voluntarily incurred by one or more of the interests for the benefit of all; or, in other words, the shipowner, the contractor for freight and the merchants owning the cargo each combine together and contribute a proportionate amount to compensate the owner of whatever has been voluntarily sacrificed, whether it be part of the cargo or fittings of the ship, or whether it is paid to recoup the person any disbursement or expense which has been made for the benefit of all the rest. As, for instance, where through stress of weather the safety of both ship and cargo demands that one or more of the masts, spars or sails shall be cut away, or that part of the tackle, anchors or chains shall be thrown overboard, or, in order to lighten the vessel, part of the cargo is thrown overboard. This would be a case of general average, and the owners of the cargo and freight must each contribute a share of the loss incurred by the parts of the ship or the cargo thrown overboard, as they will all have benefited by the captain's act of sacrificing a part in order to preserve the rest.

The following expenses usually come under the heading of general average: money paid to boatmen, landsmen, or to tugs, etc., for assistance rendered to ships in distress; port charges, pilotage, boat-hire, etc., incurred by a ship forced by stress of weather to put in to a

port short of her destination for repairs; and also the premium paid for the loan of money raised to meet disbursements incurred under such circumstances, and the expenses incurred in discharging cargo at an intermediate port in order to stop a leak.

In order that ship's tackle or cargo cast away may be recovered as general average, it must be distinctly shown that the act of jettison was deliberately resorted to for the safety of all. Tackle carried away, and cargo washed away by sea perils, class as particular average.

Of course it must be understood that the owner of a ship which has cast away part of her apparel, or the owner of goods jettisoned, recovers his loss in full from the rest of the contributories, but he must bear his share of the general loss, and this share is in the case of goods calculated on their value, and in the case of a ship by a properly legalised survey at the port of discharge.

If a vessel in imminent danger of foundering is deliberately run on shore, the owner cannot recover as general average the damage incurred in so doing; one of the principal grounds for this exception is, that as the vessel would certainly have been lost by foundering had she not been run aground, the owner is no loser by this having been done.

The value of ship's stores or tackle thrown overboard in distress is usually taken at two-thirds of their cost when new, unless the vessel be on her first voyage, when the full cost is allowed; but it is the custom to allow for anchors in full, and for chains five-sixths of their original cost.

The value of the cargo as a contributor is taken at what it would fetch if sold on arrival, deducting freight,

duty and all other charges, except the merchant's commission. The selling value must be certified by merchants or brokers of the port who are acquainted with the trade in the particular article, and a *pro formâ* account-sales of them should be rendered. If the discharge takes place abroad, and the goods are insured in this country, the certificate should be legalised by the British Consul there. If the goods are sold immediately on arrival, the net proceeds of the account-sales is the proper value for the contribution.

The value of freight as a contributor is the amount earned by the ship on the delivery of the cargo, but from this amount is sometimes deducted the wages of the captain and crew, etc. If the vessel is chartered for the round voyage out and home, the total freight must contribute should she make a general average on the outward voyage; but if the general average is made on the homeward voyage, the freight on the homeward cargo only is to contribute.

Documents Required to Prove a Loss.

As it generally happens that there are several interests concerned in a case of general average, the ship's protest and other papers necessary to prove a loss are handed round from one to the other till all have settled the claims on them, and recovered the amounts from their underwriters if insured.

Besides the ship's protest, the certificate of survey and those of the value of ship, cargo and freight, the general account of all disbursements, with the receipted bills as vouchers, the bottomry bond (if any) and insurance policy of the ship will be required in a ship's claim against underwriters.

In making claims on policies for goods, the most necessary documents are the protest, bills of lading, invoice, insurance policy, certificate of survey, as well as sound and damaged value, or the account sales of the damaged goods if they have been sold.

General Average According to Foreign Statement.

When a ship discharges her cargo at a foreign port the general average is usually made up according to the laws of the country wherein the port is situated, which will explain the meaning of the clause in a marine insurance policy, "general average according to foreign statement," as it indicates that in the event of general average being claimed the underwriters undertake to settle any loss according to the distribution or adjustment made abroad.

York-Antwerp Rules.

In 1877 an attempt was made to arrive at uniformity in the adjustment of general average, and a conference was held in Antwerp which resulted in certain rules being formulated which go by the name of the York-Antwerp rules, and where a clause is inserted in a policy, "general average per York-Antwerp rules," it means that both parties agree that in case of general average the adjustment shall be made in accordance with these rules. The Antwerp Committee adopted as a basis for their regulations certain rules proposed by a committee at York in 1864, which were known as York rules, and by adding to and modifying these York rules the Antwerp Committee formulated and agreed to the present code, calling it the York-Antwerp rules.

Particular Average.

Under this heading are classed any partial loss, damage or deterioration of any part of either or all of the interests insured, whether it be the ship or cargo, arising from the ordinary perils of the sea and navigation, when the conditions detailed under the heading of general average do not apply; but in particular average each sufferer bears the loss or damage incurred on his particular interest, and, if insured, recovers it from the underwriters.

Particular Average on Ships.

In order to class as particular average, and be thus recoverable from the underwriters, the damage to ships must have been actually occasioned by accidents incidental to navigation, and not by simple wear and tear: and in cases where vessels have to repair damages to their hulls the underwriters only pay for those charges rendered necessary by a specified accident, and not for remedying any old imperfections that may be found to exist while repairing the damage done.

Masts, spars and ship's tackle carried away by bad weather are particular average, as are also any sails that may have been on them when carried away, and so are damages to the hull, rudder, hatches, skylights, cabin stores, instruments, boats, galleys, etc., and damages by sea perils, which includes collision, fire, pirates and enemies.

Some parts of a ship's stores and tackle are not allowed for when carried away, such as the ropes and water casks kept on deck, the steamboat hung on davits and sails split by the wind.

In like manner repairs, such as caulking and re-sheathing, rendered necessary by the ship's straining and labouring in the sea, are not made good by underwriters unless the ship has stranded, or, in cases of resheathing, struck against something below water-level.

From the cost of repairs rendered necessary by sea perils (which includes collision, fire, pirates and enemies) the underwriters, when settling a claim, usually deduct one-third for melioration, on the principle that a ship is a gainer by having old material replaced by new.

But when a vessel is on her first voyage the repairs are allowed for in full, as are also any temporary repairs effected at an intermediate port merely to enable the vessel to continue her voyage to her port of destination. Anchors are allowed for in full, and chains at five-sixths of their cost. Ship's provisions carried away or damaged are also allowed for in full.

Ships are "warranted free from average under 3 per cent., unless general or the ship be stranded". This clause is inserted to protect the underwriters against vexatious and trifling claims, for a vessel scarcely ever performs a voyage without incurring some slight damage somewhere, and the meaning of the words is that the underwriters will not be answerable for any damage incurred by the ship the claim for which does not amount to 3 per cent. of the declared value, unless the damage comes under the heading of general average, or unless the vessel has stranded, in both of which cases the damage is made good, however small it may be.

Particular Average on Goods.

Under this heading comes special loss occasioned by damage by sea-water, fire, etc., to any part of the cargo,

accidents in loading or unloading, and also expenses incurred in repairing packages and rendering sea-damaged goods merchantable.

The loss on goods which have sustained damage is ascertained by deducting their sale value in the damaged state from their value when sound. This sound value is certified to by brokers and merchants acquainted with the trade in the particular article, and the loss from deficiency of weight caused by sea-damage is ascertained from the invoice for the goods, or by a comparison with the weights of the sound packages. The percentage of loss thus ascertained forms the basis of a percentage claim to be made on the sum insured.

The assured do not necessarily recover the exact amount of their loss from the underwriters, as the following case will show. Let us suppose that a cargo of sugar insured for £5,000 is found, when discharged, to be damaged to the extent of 10 per cent. of its insured value. The merchant owning the goods would only be able to recover 10 per cent. on the amount of his policy, *viz.*, £500, although, owing to the sound value of the cargo on arrival being greater than the sum insured, his loss may be much more than the amount thus recovered. Merchants, therefore, usually protect themselves against this contingency by insuring for 10 per cent. to 20 per cent. more than the invoice value of goods in order to cover this expected profit.

In order that a claim may be against underwriters as particular average on goods, it must be shown that the damage was directly occasioned by sea perils. Thus, if a cask of oil or other liquid leaks out, and the contents spoil other portions of the cargo, it would not be a case of particular average, and the owner of the damaged

goods would have no claim against the underwriters, his remedy being against the shipowner for bad stowage, if he could prove it. Neither would the owner of the oil have any claim, although he might show that the cask became leaky through the labouring of the vessel.

Breakage of bottles of liquids is not claimable against underwriters, unless it can be proved that the breakage was caused by sea-water having rotted or destroyed the straw or other material in which the bottles were packed. Damage by rats or other vermin is not recoverable as particular average.

As a case of the utter destruction of a part of a cargo by sea perils, suppose a third of a cargo of sugar or saltpetre is utterly dissolved by sea-water and pumped up with the bilge, there would then be a case of particular average on the whole cargo.

In the warranty clause corn, fish, salt, saltpetre, fruit, flour and seed are warranted free from average, unless general or the ship be stranded, sunk or burnt, and the reason why these goods are excluded from insurance against particular average is that they are by nature so very susceptible to irreclaimable damage by the slightest contact with sea-water, and also by inherent causes, such as heating and sprouting of grain, and rotting of fruit and fish, which may arise without their contact with sea-water.

Sugar, tobacco, hemp, flax, hides and skins are warranted free from average under 5 per cent.; and all other goods are warranted free from average under 3 per cent., unless general or the ship be stranded, sunk or burnt, or the damage or loss be caused by collision with another vessel, to protect the underwriters against vexatious and trifling claims which do

not amount to 3 per cent. of the insured value of goods.

Now, it will be easily seen that the effect of this warranty clause will often debar the merchant from recovering from his underwriters even when his loss amounts to a very considerable sum. For example, the loss on a cargo of sugar insured for £5,000, damaged to the extent of 4 per cent., only would amount to £200, and this loss, being under 5 per cent., would, according to the terms of the warranty, be irrecoverable. So, to protect himself, the merchant usually has a written clause inserted in the policy to the effect that particular average is to be paid on every series of a certain number of packages, according to the invoice or landing-account. Thus, in insuring a cargo of sugar in bags, he will stipulate that average is to be paid on each fifty bags of running landing numbers, or, if the cargo is in boxes, on each ten boxes, etc. This is a great advantage and protection to the merchant, for it very commonly happens that the damage on one or more series of numbers reaches the limit of 5 per cent., whereas spread over the entire cargo it would not amount to this proportion.

All metals are usually warranted free from particular average; and underwriters are not liable for loss arising from leakage or breakage of or to any package containing liquids.

Average Stater or Average Adjuster.

The proportion to be borne by each interest insured is drawn out by an average stater or average adjuster—a person of recognised experience in marine insurance—

whose business is to regulate such matters so that they may be adjusted by the underwriters, the document wherein he assigns the proportion of loss to each interest being called an average statement.

Free of all average means that no claim can be made either for general or particular average, and that the goods are insured against total loss only.

Foreign general average means that the underwriters are to pay for any general average according to the average statement made abroad should it be made there.

Statements of Averages.

The making out of average statements, as we have already stated, requires much skill and acquaintance with the practice of marine insurances. There are but few cases occurring, especially of general averages, in which some new features do not present themselves, and the perplexing questions which thus arise, as to the proper mode of forming an equitable adjustment, are so difficult to be resolved, that the most experienced average adjustors often differ greatly in their decisions. It would therefore be useless here to attempt to give more than an initiatory explanation in the most simple forms of statements of this nature, confining the attention to the two statements of general averages on the following pages.

The first of these statements has reference to a jettison which has been defined to be "the most ancient and legitimate source of general average contribution". In this the loss has been occasioned by the necessity of making a sacrifice of part of the cargo for the preservation of the rest and of the vessel, and by the necessity also of having assistance to get the ship from her

dangerous position and to bring her into port. The remuneration paid for this assistance, the value of the jettison, ascertained from the deficiency of delivery and the rate of price which it would have produced if it had arrived, and the amount of the freight upon it which had thus been lost, together with notarial charges and the expense of making out the statement, form the amount to be contributed by the three separate interests named in the apportionment, each according to its stated valuation.

As already explained, the underwriters upon each of these interests, if insured, are liable to make good the loss thus incurred; and it may be further observed, that this loss coming, in the first instance, upon the owners of the property, it is not requisite to make a percentage of it in this statement. It is when the amount so borne by them has to be recovered of the underwriters, if insured at Lloyd's, that this is necessary. The owner of the cargo or jettison would, in this case, also recover from them the amount of the jettison, or a proportional amount according to the insurance.

The cause of damage which forms the subject of the second statement of a general average was injury done to save the vessel, as explained in the protest, also designedly and for the safety of the vessel and cargo, for accidental damage forms no ground of general claim, though it may be one as a claim for particular average.

The reason of making a deduction of one-third of the value of the new articles replacing the old ones, is assumed to be from their superior value to those destroyed (this in new vessels is commonly one-sixth), and any such deduction is carried to the account of

the owners, as improving their property. On the first voyage no deduction is made on this account.

In the apportionment of the whole claim, the amount at which the freight is rated is stated to be net, that is, after the sum paid for wages is deducted.

STATEMENTS OF GENERAL AVERAGE.

STATEMENT OF GENERAL AVERAGE on the *Speedwell*, Robert Simpson, Master, from Yarmouth to London, in consequence of getting aground near Harwich, and having the assistance of two Fishing Smacks, by which, and by throwing part of her cargo overboard, she was got off and brought into Harwich.

Paid, per agreement, to John Morris and James Daniel, of the smacks *Dolphin* and *Emily* - - - - - - -				£	60	0	0
Notarial Charges, Agency, and Postages				;	4	14	0
Value of Barley thrown overboard,							
Shipped - 690 quarters							
Landed - 509⅜ths							
Thrown over 180⅝ at 32s. -	£289	0	0				
Deduct Freight and Lighterage	36	8	2				
					252	11	10
Add Freight of Barley thrown overboard				-	22	11	6
				£	339	17	4
Statement - - - - - -				-	1	1	0
				£	340	18	4

APPORTIONMENT.

Ship - - -	£800	pays	£148	12	7
Cargo - - -	965	,,	179	5	8
Freight - - -	70	,,	13	0	1
	£1,835		£340	18	4

STATEMENT OF GENERAL AVERAGE per *Nonsuch*, John Bloomfield, Master, accrued on her passage from Demerara to Liverpool, in consequence of cutting away part of her rigging and receiving other damage, as appears by protest.

Sundry Cordages for fore top-mast-stay, back-stays, running riggings, etc., as per B. & T. Morris's bill,						
Cwt. 8 2 5 at 50s. - -	£21	7	2			
Off ⅓ new for old - - -	7	2	4			
	£14	4	10			
New top-sail fixing and fitting, as per J. Caley's bill - -	£21	6	6			
Off ⅓ new for old - - -	7	2	2			
	£14	4	4			
				£	28	9	2
Survey, - - - - - - - - -					1	1	0
Noting and extending Protest - - -					2	2	0
Postages and Petty Expenses - - -						10	6
				£	32	2	8
Less proceeds of old cut rigging saved				-	1	8	0
				£	30	14	8
Stating Claim - -					1	1	0
				£	31	15	8

APPORTIONMENT.

		£	s.	d.
Ship valued at £3,200 pays -		£11	4	4
Cargo ,, 5,220 ,, -		18	6	0
Freight, Net, ,, 647 ,, -		2	5	4
	£9,067	£31	15	8

Statement of Particular Average.

A careful study of the following statement, taken from actual practice, will give the reader a good idea as to the manner in which particular average is adjusted. It was the case of a cargo of sugar, in boxes, insured for £12,200, and sold at 24s. 6d. per cwt. for the sound portion, 21s. being the value fixed for the portion "washed," which is a term used in the trade to signify salt water damaged.

The chief points to which the attention is to be directed in making a statement of particular average upon goods are the following, viz. :—

(1) What the damaged goods would probably have produced if they had arrived safe.

(2) What they did produce in their damaged state.

(3) What the assurers are to pay according to the conditions of the policy, taking also into consideration the extra charges which have attended the sale and the damaged state of the goods.

The first point is found by comparing the invoice weights of the sound and damaged, and finding the probable gross weight of the latter from the actual gross of the former; and the rate of value is taken from the certificate of the brokers appointed to survey the goods.

The second point is determined from the broker's account of the actual sales at public auction.

The third point is ascertained from the valuation in the policy, and if this valuation is greater than even the sound value, the assurers have to pay a greater sum than the actual deterioration.

The extra charges then being added, the amount of the claim is percentaged upon the amount insured, to show that it is sufficient to render the assurers liable according to the terms of the memorandum to the policy.

Statement of Claim for Particular Average on Sugar, sea-damaged by the *Neptune*, from Havana to London.

Damaged Nos. 2805/2806 = 2 boxes landed empty.
2807/2814 = 8 ,, washed.
10

	£	S.	D.	£	S.	D.	£	S.	D
Particular Average—									
Series 2801/2810—6 boxes washed. If 2,814 boxes be valued at £12,200 (value Insured on the cargo). Nos. 2805/2806 = 2 landed empty are insured for - - - - - -				8	13	5			
2,804 sound boxes landed— 12,020 cwt. 3 qr. 3 lb. Tare 2 qr. 17 lb. 1,827 ,, 2 ,, 12 ,, Net - 10,193 cwt. 0 qr. 19 lb.									
cwt. qr. lb. In proportion 4 boxes 14 2 4 at 24/6	17	16	1						
No. 2807/2810 only landed - - - 14 0 5 Tare 2 qr. 17 lb. - - 2 2 12									
11 1 21 at 21/	12	0	2						
	5	15	11						
Insured Value— 4 boxes £17 6s. 10d., depreciation 32·549 per cent. - - - - - -				5	12	10	14	6	3
Series 2811/2814, 4 boxes washed— cwt. qr. lb. Should have landed 14 2 4 at 24/6	17	16	1						
Did land - - - 14 2 26 Tare 2 qr. 17 lb. - 2 2 12									
12 0 14 at 21/	12	14	7						
	5	1	6						
Insured Value— 4 boxes £17 6s. 10d., depreciation 28·505 per cent. - - - -							4	18	10
							19	5	1
Survey - - - - - - - - -							0	10	6
							19	15	7
Statement - - - - - - - - -							1	1	0
						£	20	16	7

(Signature of Average Stater.)

STATEMENT of PARTICULAR AVERAGE on COTTON, per *Exeter*, Capt. White, from New Orleans to Liverpool.

			£	s.	d.
INSURED.					
840 Bales of Cotton, valued at £10 each, to pay average on every 10 Bales running landing numbers - - - - -			8,400	0	0
ARRIVED.					
808 Bales, of which 316 Bales were sea-damaged.					
JETTISON.					
32 Bales, paid by Ship.—No CLAIM.					
INSURED VALUE of 316 Bales -		£3,160 0 0			
The same would have sold if dry, as ℔ Statement No. 1 - -		£3,821 13 0			
Sales of B^s. wet as ℔ Stat. No. 2 -	£614 6 0				
Do. of 237 B^s. rep^d., as ℔ Stat. No. 3	2,561 16 6				
		3,176 2 6			
If £3,821 13s. lose - - -		£645 10 6			
then Insured Value, £3,160, lose - - £			533	15	3
—— EXTRA CHARGES. ——					
Brokers' Survey - - - -		£2 2 0			
Watching on Quay - - -		1 0 0			
Extra Labour, Cartage, & Canvas		51 6 1			
			54	8	1
			588	3	4
General Average, per Statement - - -			211	6	8
Adjustment - - - - - - - -			2	2	0
			801	12	0

The proportionate loss to be borne by the underwriters upon the damaged part of the sugar, forming the subject of the particular average, on page 181, may be explained as follows:—

The first portion of the statement contains the account of the insured interest, with the condition relative to the average, which, by the clause in the memorandum to the policy, must amount to 5 per cent., in order to enable the assured to call upon the assurers for reimbursement.

The second portion is the general declaration of the cause of the present claim.

The third portion contains an account of the estimates of what the twenty-two boxes of damaged sugar should have weighed, proportionately to the weight of the whole of those which arrived sound, and of what they should have produced, according to the broker's certificate of their estimated selling prices, if they had not been damaged. From the amount of these valuations is deducted the actual produce of the twenty-one boxes (one box having been emptied to fill up three of the damaged boxes), as shown in the preceding account-sales, and from the estimated sound value compared with the estimated loss, thus found, is obtained the percentage rate of the deterioration.

The last portion of the statement has for its object the distribution of the loss upon the series of the numbers, and as the insured value of each of the boxes was stated in the policy, no valuation of them is here necessary from a proportionment of the whole amount insured, upon the whole number of the boxes, as would otherwise be required. Also, as in the landing of the sugars, those which were damaged were set apart for

examination until after the rest had been weighed and numbered, as is usually, but possibly not very fairly, done, the numbers of the boxes of the damaged sugar come all in the latter series of numbers. Hence, in the present case, the separate amounts, calculated for each series of ten running numbers, are each of them more than 5 per cent. upon the insured value of ten boxes, and no question therefore arises as to the liability.

It may further be observed, that when the last numbers are damaged and do not make 10 boxes of a series, as in these boxes for numbers 961, 962 and 963, they are reckoned by themselves or without reference to any 10 boxes, and a single box, slightly damaged, might thus claim an average. On the other hand, if there had been only 961 boxes in all, and 22 boxes out of them had been damaged, then 1 box would have come into the series 930 to 940, and as the deterioration for this box would have been only £1 7s. 4d., it would not have amounted to 5 per cent. upon £50, and there would, consequently, have been no claim for making good the damage on this number.

The same sometimes happens when one box, case, etc., or more, has been passed over at the first as being sound, and has afterwards been discovered to be damaged. The amount of the deterioration has, in this case, to be ascertained and percentaged upon the series to which it belongs, and there being a claim, or there being no claim, depends in like manner upon its amount.

This insurance having been effected at Lloyd's, the amount of the claim is percentaged upon the amount insured in order to show the *pro rata* claim upon each of the underwriters.

STATEMENT of PARTICULAR AVERAGE on SUGAR, sea-damaged, per *Susquehannah*, Captain Wilson, from Havana to London.

	£	s.	d.
INTEREST.			
963 Boxes Sugar, Valued at £5 per box - -	4,815	0	0
To pay average on every 10 boxes, following landing Numbers.			
DAMAGED.			
22 Boxes :—			
18 Sea-damaged.			
3 Washed and filled up.			
1 Emptied to fill up.			
PARTICULAR AVERAGE.			
941 Boxes sound, Net Cwt. 3,644 3 2			
SOUND VALUE.			
If 941 Boxes weighed Cwt. 3,644 3 2 then 22 Boxes should weigh :—			
12 Bs 46 1 26 @ 32/6 - £75 10 8			
6 ,, 23 0 27 ,, 31/6 - 36 12 1			
4 ,, 15 1 27 ,, 31/- - 24 0 3			
£136 3 0			
They produced :—			
12 Bs 46 0 5 @ 27/- - £62 3 2			
6 ,, 22 3 17 ,, 22/6 - 25 15 3			
3 ,, 10 3 27 ,, 20/- - 10 19 10			
98 18 3			
£37 4 9			
Deteriorated $\frac{37}{136}$ths or 27·35 %			
Continued..			

			£	s.	d.
PARTICULAR AVERAGE (*continued*).					
INSURED VALUE.					
£5 per Box.					
Series.	*Boxes.*				
940 to 950	9	£45 at 27·35 °/₀ - -	12	6	2
951 ,, 960	10	50 ,, ,, - -	13	13	6
961 ,, 963	3	15 ,, ,, - -	4	2	1
			30	1	9
Examining Documents & Stating Average -			1	1	0
			31	2	9

On £4,815 = 13/- °/₀

30th Jan., 1901.
Exd. and found Correct.

JOHN GIBSON,
Average Adjuster,
64 Imperial Buildings,
Ludgate Circus,
London, E.C.

For the reader's guidance in more complicated cases of particular average the following example is added :—

STATEMENT OF CLAIM FOR PARTICULAR AVERAGE ON SUGAR, sea-damaged by the *Charity*, from Bahia to London.

Insured, £540 on K - 114 bags } 18 tons Brown Sugar, valued at £30 per ton.
P - 146 ,,

Damaged, P, No. 82/146 65 ,,
K, ,, 88/114 47 ,,

112 bags.

Particular Average—
Series 51/100 19 bags washed. - cwt. qr. lb.
P. 81 sound bags landed . - 129 1 12
Tares, 38 at 2/1 lb. = 114 lb.
,, 37 ,, 3/1 ,, = 148 ,,
,, 6 ,, 1/1 ,, = 12 ,, 2 1 22

Net cwt. 126 3 18

15 bags should land	-	cwt.	23	2	0	at 29/8	p. cwt.	-	£34 17 2
1 ,, ,,	-	,,	1	2	7	,, 30/10	,,	-	2 8 2
3 ,, ,,	-	,,	4	2	22	,, 29/8	,,	-	6 19 4
		Cwt.	29	3	1				£44 4 8

		cwt.	qr.	lb.					
Sold No. 82/96, 15 bags		21	1	6					
Tare, 3/1 lb.	-	0	2	4	20	3	2	at 28/2	- £29 5 0
No. 97, 1 bag	-	1	1	16					
Tare, 3/1 lb.	-	0	0	4	1	1	12	at 29/4	- 1 19 10

(*Continued.*)

(*Continued.*)

No. 98/127, 30 bags	49 2 2					
Proportion for No. 98/100, 3 bags	4 3 23					
Tare, 3/1 lb. -	0 0 12					
		4 3 1 at 28/2 -	6 16 6			
				38 1 4		
				£6 3 4		

Insured Value—

If 260 bags be valued at £540, 19 bags will be £39 9s. 3d., depreciation 13·94 per cent. - - - - - - - - - - - - - - - - ... 5 10 0

Series 101/150. 46 bags washed should land -	Cwt. 72 0 8	at 29/8 p. cwt. -	106 18 1	
Proportion for 101/127 = 27 bags ,, -	,, 44 2 7			
,, 128/146 = 19 ,, ,, -	,, 32 0 2			
46	76 2 9			
Tares, 42 bags at 3/1 lb. = 168 lb.				
,, 4 ,, 1/1 ,, = 8 ,,				
	1 2 8			
	Cwt. 75 0 1	at 28 2 p. cwt. -	105 12 9	
NO CLAIM.			£1 5 4	

Series. 37 bags washed.

	cwt. qr. lb.
K 67 sound bags landed - - - - -	90 3 23
25 at 2/1 = 72	
37 ,, 3/1 = 148	
5 ,, 1/1 = 10	
	2 0 9
Net cwt.	88 3 14

(*Continued.*)

(*Continued.*)

37 bags should land - - - -	Cwt. 49 0 9	at 30/2 p. cwt. -	74 0 7	
Sold No. 68/99 - - - 32 bags -	Cwt. 44 0 3			
No. 100/114, 15 bags, Cwt. 17.2.27				
Proportion for 100/104 - - 5 ,,	5 3 15			
37 bags -	Cwt. 49 3 18			
35 bags at 3/1 = 140 lb.				
2 ,, 1/1 = 4 ,,				
	1 1 4			
	Cwt. 48 2 14	at 28/8 p. cwt.	69 13 11	
Not 5 per cent. on 50 bags - - -			£4 6 8	
Series 251/250. 10 bags washed should land -	Cwt. 13 1 2	at 30/2 p. cwt. -	20 0 3	
Proportion for 105/114, 10 bags - -	Cwt. 11 3 2			
Tares, 3/1 lb. - - - - - -	,, 0 1 12			
	Cwt. 11 1 18	at 28/8 p. cwt. -	16 7 1	
			£3 13 2	

Insured Value, 10 bags, £20 15s. 5d. Depreciation, 18·28 per cent. - - - - - - - - 3 15 11

9 5 11

Statement - - - - - - - 1 11 6

£10 17 5

General and Particular Average.

In the following statement the remote cause of a claim for general contribution arose out of an accident, but the direct cause was the *necessity* of having assistance, and of putting into Cowes for general preservation.

In making it out, the amounts and causes of all disbursements are first set down; the distribution is then thus made: the pilotage inwards, half the surveyor's fee, the protesting charges, the award to boats' crews, the anchorage and harbour dues, the charge for certificate and bill of health, and the petty expenses are made general. The ship is charged with the other half of the surveyor's fee, and those expenses which attended the repair, such as those of the sailmaker, smiths, and shipwright, and of which a portion is to be borne by the owners for the improved state of the articles, are at first put into a separate column; then when the amount has been ascertained, two-thirds of it are placed to the account of the ship, to be recovered of the assurers upon the ship, and the other one-third is placed to the account of the owners, together, for the same cause, with part of the bill for smith's work. The pilotage outwards and the bill of health belong to the freight.

The amount of the general average is then distributed. The deterioration occasioned by the accident is taken from the value of the ship, and the general average on the remainder being added to the claim on

the underwriters for particular average, on account of the ship, forms the amount of the whole claim on this account. In like manner and for like purpose, the contribution on the freight is added to the particular average on the same, but the contribution on the cargo is without such adjustment, as indeed there is here no statement of particular average on the cargo.

It is very common for the average stater to specify the amount which each shipper has to contribute; as

Shaw & Trundle - -	£11,000,	*to pay*	£27 4 10
Thornton & Co., - - -	2,740,	,,	6 15 9, etc.

But this is sometimes done by the ship's broker, who collects the amounts and repays the disbursements.

STATEMENT of GENERAL and PARTICULAR AVERAGE, per the *Andromeda*, Captain Smithers, London to Genoa, occasioned by being struck by a heavy sea off Bembridge Point, by which much damage was sustained, as appears per Protest; obtained assistance, took a Pilot on board, and for general preservation put into Cowes, where the Ship was repaired.

Amount.	Disbursements at Cowes.	General.	Ship.	Ship ⅓.	Freight.	Owners.
£ s. d.		£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
5 7 6	Pilotage into Cowes - - - - -	5 7 6				
2 2 0	Surveyor's Fee - - - - -	1 1 0	1 1 0			
4 18 6	Noting and Protest - - - - -	4 18 6				
30 0 0	Award to Boats' Crews - - - -	30 0 0				
10 6	Anchorage and Harbour Dues - - -	10 6				
17 18 10	J. Watts—Sailmaker's Bill - - -	...	...	17 18 10		
1 1 0	Sardinian Consul's Certificate - - -	1 1 0				
10 6	Ditto Bill of Health - -	...	...	...	10 6	
47 17 5	B. Thomson—Shipwright - - -	...	...	47 17 5		
10 2 0	T. Mason—Smith's Work - - -	...	...	8 16 0	...	1 6 0
5 8 0	Pilotage out of Cowes - - - -	...	...	...	5 8 0	
15 6	Postages and Petty Expenses - - -	15 6				
	Ship ⅔ds - - -	...	49 14 10	74 12 3		
	Owners ⅓d - -	...	...	...	...	24 17 5
126 11 9	Carried forward - -	43 14 0	50 15 10	...	5 18 6	26 3 5

126 11 9	Brought forward - -	43 14 0	50 15 10	...	5 18 6	26 3 5
	Postages, etc. - -	5 0				
	Statement - -	2 2 0				
		46 1 0				

TO CONTRIBUTE TO GENERAL AVERAGE.

Ship Valued at - -	£1,200					
Less Part: Av: - -	51					
	£1,149 pay £2 16 11	...	2 16 11			
Freight, Net - - -	180 ,, 8 11	...	...	...	8 11	
Cargo - - -	17,265 ,, 42 15 2					
	£18,594 £46 1 0					
		Ship	53 12 9			
				Freight	6 7 5	

Jan. 1, 1901.

A Captain's Protest or a Ship's Protest.

On resorting to any act of sacrifice, or on a ship or her cargo suffering any extraordinary damage, a captain must enter in his log-book a full account of what transpired, and on touching land, whether it be at any intermediate port, or on the termination of a voyage, he must within twenty-four hours after landing, and while the causes and circumstances are considered to be fresh in his memory, note a protest before a notary or a public magistrate, if at home, or before the Consul if abroad, and should he require further advice or assistance he should put himself in communication with Lloyd's agent, one of whom he is almost sure to find at any port of importance, as the acts of these officials are generally respected by the insurance companies, as well as by Lloyd's.

The captain's protest is a document wherein he sets forth the full particulars of the circumstances which led to the collision, disaster, the act of sacrifice, or the running into port in distress, and is the principal document requisite in the settlement of all questions relating to average, and of all matters relative to any loss or damage to shipping.

As a protest must be begun within twenty-four hours after the captain's arrival in port, it is now a very common practice with them to simply note a protest on the termination of every voyage to protect themselves in case any claim for damage should arise, leaving the formal document to be drawn up, or, as it is called, extended, later on if necessary.

The following will serve as a guide as to the manner in which a protest is drawn out by a notary, the case being supposed to be a collision.

Example of a Captain's Protest.

Know All Men By These Presents that on the 2nd day of June, 1900, at the City of Liverpool, in England, before the Notary Public, whose name is hereunto subscribed, appeared personally James King, Master or Commander of the steamer or vessel called the *Viking*, of the Register of 1,900 tons, or thereabouts, belonging to the port of Gothenburg, in Sweden.

To Protest for that the said vessel, at 6·30 A.M. on the 2nd day of June, 1900, being laden with a general cargo, and being tight, staunch, strong, and perfectly seaworthy, proceeded out of the Morpeth Dock, bound for Gothenburg, in Sweden, in charge of a Pilot, that immediately the Appearer's vessel got outside the Dock to proceed to sea, a vessel, seen and believed to be the *Kingfisher*, was observed coming down the river, and when approaching the Appearer's vessel, the *Kingfisher* ran into and collided with the *Viking*, smashing in her bulkhead, and doing great damage to her engines. The Appearer's vessel, after getting clear of the *Kingfisher*, went back into Dock, and moored there.

Wherefore the Appearer protests against the aforesaid collision, and against all persons whom it does or may concern, as well as for all such injury or damage, loss, costs, charges, and expenses, suffered or sustained, or sustained by reason of or in consequence thereof.

JAMES KING.

Taken before me,
CHARLES SOLAS, Notary Public,
Liverpool.

A Captain's Responsibility.

The captain of a vessel is the confidential servant or agent of the shipowners, and in conformity with the rules and maxims of English law, the owners are bound to the performance of every lawful contract made by him relative to the usual employment of the ship. Such is the dictum of Lord Tenterden, and it is a very important point to bear in mind, for it very often happens that a captain, in the absence of a shipowner's instructions, is under the necessity of acting on his own discretion. Lord Denman has laid it down that

a captain on a voyage is also an agent for the cargo owners, but where practicable a captain is bound to communicate with his owner when in difficulty.

In cases of distress, before proceeding to jettison any portion of the interests confided to him, it is better for a captain to consult with his officers or crew, but he is not bound by law to do this.

Jettison.

Goods, ships stores and tackle thrown overboard are said to be jettisoned, and so are goods on board put into boats, or into any insecure place, to relieve a ship in danger, as they may thereby be lost.

The value of goods jettisoned is usually reckoned at the price they would net if sold immediately on arrival, but occasionally the invoice value is taken.

When goods are jettisoned there is usually a loss of freight, and the freight contractor, be he the shipowner or any one else, can recover the amount as general average.

Stranding.

The main condition for a stranding would seem to be that a vessel shall have ceased to be waterborne for a perceptible interval of time, whether for five minutes or five hours matters not, provided it can be shown that she was detained by resting on something solid, mere bumping or striking on the bottom, or on a rock, however severe the damage thereby occasioned, would not be a stranding. The stranding must also be occasioned by accident, and not be purposely or voluntarily done. Grounding in the Suez Canal or the Manchester Ship Canal is not considered as stranding within the terms of a policy.

Collision.

In cases of collision, the owner of the injured vessel may bring an action at law against the vessel at fault without prejudice to his right to recover from the underwriters, should he fail in getting compensation from the other ship, and shipowners generally prefer taking their remedy in this way, because, for one reason, if they get a verdict in their favour, they have the cost of repairs allowed in full, whereas if they recover from the underwriters as particular average, one-third of the cost is deducted for melioration.

Abandonment.

When parties have a claim for a total loss, they should at once give the underwriters notice of abandonment in writing, wherein they formally abandon to the underwriters the whole or whatever may be left of the goods, for delay in giving notice may, under certain circumstances, act prejudicially to the interests of the assured, although omitting to give this notice does not bar the right to recover for a total loss, if such a claim can be established.

It is usual for underwriters to refuse an abandonment for total loss, for their acceptance would render them liable to pay, even though circumstances should subsequently come to their knowledge to remove the claim from the category of a total loss, provided, of course, there is no question of fraud; but an underwriter's refusal to accept an abandonment does not exonerate him from paying, if the total loss can be established. If the abandonment is refused, the assured may still use the discretion allowed him by his policy, and sell

what is left of his goods for the benefit of the underwriters, and act generally as their agent, without prejudice to his claim for a total loss.

An abandonment once made cannot be withdrawn. Should certain cases of average occur during a voyage —such as disbursements incurred for repairs—and the ship or cargo subsequently become a total loss, the fact of their having to pay for a total loss would not relieve the underwriters from making good the average previously incurred, and therefore it may happen that underwriters on a policy of £1,000 may have to pay £1,500 or more.

Total Loss.

To claim for a total loss it is not necessary that the interest insured be really lost or destroyed; it will be sufficient to show that owing to some of the perils insured against such damage has been incurred as not to be worth repairing, or prove that the interest insured was in such a position as to be virtually out of the control of the owner or his representative.

A ship stranded upon a desert coast where there are no appliances for getting her off would be a case of total loss, even though the ship should be in all respects perfectly sound.

Where a vessel from damage received puts into a port short of her destination, and it is found by survey that the expense of repairing her damages so as to enable her to complete her voyage would exceed her presumed value, the captain is then justified in abandoning her to the underwriters, or in selling her for their benefit, the shipowner claiming on them for a total loss.

Seizure by enemies or pirates comes under the cate-

gory of total loss, and the owner can recover from his underwriters, unless his policy contains the clause "free from capture and seizure, and the consequences of any attempt thereof," which is known as the war risk, and in time of war it is usual for underwriters to charge an extra premium for insuring against this risk.

Barratry, or the fraudulent running away with a ship or cargo by the captain or crew is recoverable as total loss, but where the captain is the owner or part owner of the ship his fraudulent act is not barratry, and the underwriters are exempt from liability in such a case.

Where goods through perils of the sea are put on shore at any port short of their destination in such a damaged state that, according to a surveyor's opinion, it would be better for the underwriters' interests to sell the goods then and there, than to reship them for delivery at their destination, the owner would be justified in abandoning them to the underwriters, and claiming for a total loss; but where goods are insured f. p. a., the question will arise as to whether or not the damage incurred by the goods is of such a nature as to prevent the possibility of their arriving at their destination as goods, and this, at times, might be a very difficult point to establish, for it rarely happens that goods are damaged to such an extent as to prevent the possibility of at least some portion of them arriving at their destination in a recognisable form. However, cases may and do occur where a progressive damage is set up by the action of sea-water, or other perils of the sea likely to lead to the latter destruction of the goods, or to imperil the safety of the ship or other portions of the cargo on board. Thus, by the detention of a ship for repairs, or for other causes, a cargo of oranges may threaten

to rot and become converted into mud, unrecognisable as fruit; or a cargo of grain damaged by sea-water may heat and threaten to set fire to the ship; or a cargo of hides may, from the action of sea-water, threaten to rot and putrify; and in such cases the owner is right in abandoning his goods to the underwriters, and claiming on them as total loss. The above articles enumerated are, however, nearly always insured f. p. a., but it is usual to insert the hide clause in policies on hides, by which the underwriters bind themselves to pay the expense of washing and drying hides that may be damaged by sea-water.

Utter destruction by sea perils of a *part of* the goods insured does not entitle the owner to claim for a total loss of such part destroyed, as this loss comes under the category of particular average. For instance, suppose a third of a cargo of sugar or saltpetre is utterly dissolved by sea-water and pumped up with the bilge, the merchant cannot claim for a total loss of that third part—it is a case of particular average on the whole cargo.

Salvage.

Salvage is the term applied to the charges made by or the remuneration paid to persons, called salvors, who assist in saving a vessel, or cargo, when wrecked, or when in distress, and also to the recapture of a vessel which has been previously taken by an enemy.

Salvage Losses.

Salvage losses are partial losses calculated as for a total loss with the deduction of the selling price of any goods which may have been saved.

It very often happens that a vessel in distress puts into a port short of her destination, and that while there a portion of her cargo is found by survey to be in a damaged state, and that the damage is likely to become worse, or to lead to the utter destruction of the goods if they are left in the ship. In such a case the surveyors order the sale by auction of the damaged goods for the benefit of those concerned. It is clear, therefore, that the goods being in a damaged state will not usually fetch so much as if sound, and also that considerable loss may be incurred by their being sold at a port for which they were not intended to be sent, and the loss by such a sale is called a salvage loss. To make good this loss, the underwriters, who have insured the goods, pay over to the merchant in full the difference between the net proceeds of the sale and the insured value.

Wreck.

Wreck, as defined in the imperial tariff, signifies such goods as, after a shipwreck, are cast upon the land by the sea and there left within some county—they are not wrecks as long as they remain at sea in the jurisdiction of the Admiralty, and the term includes jetsam, flotsam, lagan and derelict found in or on the shores of the sea or any tidal water.

Derelict.

Derelict is anything forsaken or left, or wilfully cast away.

Jetsam.

Jetsam is where a ship is wrecked and the goods cast into the sea and there sunk and remain under water.

Flotsam.

Flotsam is where a ship is sunk or cast away, and the goods are found floating upon the sea.

Lagan.

Lagan signifies goods lying or sunk in the sea, and tied to a cork or buoy in order to be found again.

Bottomry and *Respondentia* Bonds.

When the captain of a vessel finds himself under the necessity of raising money to pay the cost of repairs or other charges incurred by his being forced by untoward circumstances to put into a port for refuge, he can sometimes effect this by selling his draft on the shipowners; but it very often happens that he is not known to any merchant who will buy his bill, and he therefore has recourse to a bottomry bond, which is a document wherein he pledges the ship's bottom, or, in other words, the ship itself, instead of his owner's credit; thus, a bottomry bond, properly speaking, only hypothecates the ship. The term, however, is also very generally applied to cases where the cargo and freight as well as the ship are pledged, but the document is then properly called a *respondentia* bond.

Now, the nature of a bottomry bond is this, that if the vessel be afterwards lost, the lender loses the money he had advanced upon it, and if the captain subsequently, and before completion of the voyage, meets with further disaster, and in his distress has to raise more money by bottomry, the last bond is always paid first; and the taker of the first bond has to content himself with what is left of the proceeds of the ship,

cargo and freight after the last bond issued has been paid. It will thus be seen that the risk of advancing money on bottomry is considerable, and very heavy premiums are therefore usually demanded for the accommodation. It is true the lender of money on bottomry can always insure his advance, but for doing this he generally has to pay a heavy premium, especially if the risk of any subsequent bottomries is covered.

The proper course for a captain to pursue in raising money on bottomry is, if he finds himself in a foreign port (and he will rarely be under the necessity of having recourse to bottomry if at home), to put himself in communication with his Consul, and insert advertisements in the newspapers stating that he requires to raise for a certain purpose a named sum on the security of his ship, or ship, freight and cargo, to be repaid with the premium on his arrival at his port of destination, and that on a certain day he will receive tenders for the loan of the money. These tenders being sent in, he accepts that which stipulates for the lowest rate of premium, and gives a bond for the amount of the loan, plus the premium. In cases of *respondentia*, the lender, should the bond not be paid, has his remedy first against the ship, next against the freight, and lastly against the cargo; the proceedings for recovery being taken in the Admiralty Court.

The captain may, under certain circumstances—for instance, where a very exorbitant premium is demanded for the loan of the money—raise the needful supplies by the sale of part of his stores, or part of the cargo.

The premium thus paid for the loan of money, or the loss incurred by goods being sold to meet expenses rendered necessary by sea perils, is recoverable as general average.

Classification of Ships.

It will be evident to the reader that the premium to be charged by underwriters for insuring a vessel, or the goods she is to carry, will depend very much on the vessel's age, tonnage and character; and, for the convenience of underwriters and merchants, books are published containing full particulars as to age, build, tonnage, etc. Those principally in use here are Lloyd's Register and the Bureau Veritas; there is also the American Lloyd's Register, and in one or other of these the particulars of nearly every sea-going vessel can be found.

The following are the distinguishing marks given to wooden vessels in Lloyd's Register in order of merit:—

A, A in red, Æ, E & F.

A broad A signifies that the vessel is built of iron.

The following are the distinguishing marks for iron vessels:—

* A, A, A, A, A, 100A, 95A, 90A, 85A, 80A, 75A. A Maltese cross added signifies that the vessel was built under special survey. The figure 1 after the letter denotes that the vessel is well found in stores; a — signifies that she is deficient.

The following are the marks used by the Bureau Veritas:—

Wooden ships 3/3 or 3T, 5/6 or 5S, 3/4 or 3Q, 2/3 or 2T, 1/2 or M.

Iron ships, 1 or A, 11 or A, 111 or A.

There are also other signs used. 1 indicates that the vessel is fit for river and interior navigation only, P for short and G for long coasting voyages, M for the Mediterranean, A for the Atlantic trade, and L for voyages to all parts of the world.

CHAPTER VII.

Charter Party.

A charter party is a contract for the letting or hiring of a ship, or a part of her for a specified time, or to perform a certain voyage or a certain service. Charter parties can be made by the ship owner, his agent, ship-brokers, or by the captain. They specify the vessel's tonnage, the nature of the voyage to be performed, the number of days that may be consumed in loading or unloading her, or waiting for orders, the freight to be paid, and such other details as are necessary to bind the parties to the exact terms agreed upon between them. If a vessel is chartered to carry any specified goods, no other article of merchandise can be shipped, but ships are often chartered to load any kind of lawful merchandise at so much per ton.

The charterer of a vessel can either load his own goods on board her, or those belonging to other persons, and where a clause in the charter does not forbid it, he can transfer the charter to another. After a vessel has been chartered, should she not be ready to load or sail within the time named in the charter party, the charterer can repudiate his bargain, or charter another ship, and bring an action for damages against the owners of the first ship. Shipowners have a similar remedy against the charterer should he fail to perform his part of the contract.

Charter parties usually contain a clause fixing the penalty to be paid by either side for non-performance

of the agreement. The master of a chartered ship is bound to put to sea as soon as the cargo is safely on board, provided the weather be favourable, but not otherwise, nor is he bound to sail if he have good reason to fear capture by enemies.

Shipowners are not liable for loss or damage to the cargo by sea perils, or by pirates or enemies, nor for the consequences of deviation from the proper course of the voyage when occasioned by such perils. But the owners are liable for the misconduct or carelessness of the captain or crew, and for robbery, not forcible by strangers ; also for loss or damage by sea perils incurred by the captain wilfully or wrongfully deviating from his prescribed course.

When the captain is by law compelled to take a pilot, the shipowner is not liable for loss or damage occasioned by the pilot's incapacity or misconduct. The owner of a chartered vessel is liable for damage by rats, even though the ship had cats on board.

The shipowner cannot be made liable for loss or damage to the cargo incurred on any one occasion, unless it arose from any actual fault of his own, to an extent of more than the value of his ship, reckoned at £8 per ton on her registered tonnage, or of her gross tonnage in the case of steamers, and he is not liable at all for the robbery of any bullion, jewellery, or precious stones, unless the shipper has properly described them in the Bills of Lading or otherwise at the time of shipment, neither is he liable for any loss or damage occasioned by fire, which comes under the heading of sea perils.

The stowage of the cargo is done by the crew or by other people employed on the owner's account,

unless the charter party contain a clause to the effect that it is to be done by the charterer, who, in such cases, employs his own stevedore. If a vessel is chartered for a lump sum, the charterer must pay the amount agreed upon, whether he ship a full cargo or not.

If a charterer engages to pay so much per ton of the ship's capacity, he must pay on her measurement tonnage, without any reference to the quantity of cargo shipped.

If a charterer engages to pay so much per ton of goods, he must pay on the shipping weight the quantity put on board, and not on the landing weight, or the quantity discharged.

Should the merchant fail to load or discharge the cargo within the lay days mentioned in the charter party, he will be liable to pay demurrage, even though he should be able to show that the delay arose from no fault of his, provided, of course, it was not the fault of the captain or owner.

Charter parties are known by various names, and the wording varies, according to the purpose for which they are employed. There are time charters used when vessels are chartered for a specified time ; charters for grain, coal, ore, firewood, and various other articles, printed forms being in common use, covering the necessary clauses for these goods. We give copies of a few charters to show the wording used. Charter parties are usually made out by the shipbroker who negotiates the business. They keep the original and issue a number of certified copies to the charterer and the shipowner, as may be required.

The stamp duty on a charter party is 6d.

Example of a Coal Charter.

CHARTER-PARTY.

LONDON.....19

IT IS THIS DAY MUTUALLY AGREED BETWEEN.....Owner of the good Screw Steamer called.....of.....of the Burthen of.....Tons cargo, exclusive of Bunkers, or thereabouts,.....Master, now ..... and.....& CO., Agents for the Freighters.

That the said Steamer being tight, staunch, and strong, and every way fitted for the Voyage, shall with all possible despatch, sail and proceed to..... and there load in turn in the customary manner from the Agents of the said Freighters a full and complete cargo of COALS, from such Colliery or Collieries, as Charterers may direct, and the Charterers are not bound to ship from any other Colliery or Collieries, not exceeding what she can reasonably stow and carry over and above her Tackle, Apparel, Provisions, and Furniture; and being so loaded, shall therewith proceed to.....and there deliver the same in turn, alongside any Vessel or Wharf, or into Lighters, as ordered by the consignees where she can safely deliver, on being paid Freight at and after the rate of ....per ton of 20 cwt., delivered or taken on board, provided Vessel arrives without having broken bulk, at merchant's option, in full of all Port Charges, Pilotage, Pierage, Wharfage, &c. (The Act of God, the King's Enemies, Fire, and all and every other Dangers and Accidents of the Seas, Rivers, and Navigation, of whatever nature and kind soever, during the said voyage, always excepted.)

The FREIGHT to be paid on unloading and right delivery of the Cargo, in Cash, at Current Exchange, less usual discount.

The cargo to be loaded and discharged in.....running hours (Sundays and holidays excepted).

Loading to be on terms of Colliery Guarantee, time commencing as customary. Discharging time to commence as customary at port of discharge, Steamer to pay..... per hour dispatch for every hour saved, and to receive.....per hour Demurrage for every hour detained over and above the hours provided for by this Charter. Detention by Frost, Fog, Rain, Storms, or Floods, Strikes, Accidents, or any cause beyond the control of Charterers, stopping the working or Shipping or discharging of the said cargo, always excepted.

A TRUE COPY OF THE ORIGINAL CHARTER-PARTY.

The Captain to have on board sufficient Coals for Steamer's use, and to have the same endorsed on Bills of Lading.

The Captains and/or Owners are hereby bound to sign Bills of Lading, or cause same to be signed by their duly authorised representative, at the Office of..... .....& CO., or their Agents, within twenty-four hours after the Cargo is on board, and in default of a breach of this Clause, the Owner or Captain to forfeit Fifty Pounds to the said .....& CO., as liquidated damages.

In case the Steamer is not ready to load at about the date anticipated on signing this Charter, then Merchants to have the option of cancelling.

The Bills of Lading to be signed at any rate of Freight, without prejudice to this Charter; if such Freight be lower the difference to be paid in cash, if higher to be endorsed on Bills of Lading, or to be paid by Captain's draft on his broker, at Merchant's option.

The Clearing Charges, Brokerage, &c., to be paid on signing Bills of Lading, otherwise the same will be deducted at Port of Destination, together with Five per Cent. to cover Interest and Insurance.

The Steamer to be addressed to the Charterer's Agents at the Port of Discharge, paying the usual commission of.....% and employ Merchant's Broker on usual terms.

It is agreed that the Bunker Coal shall be supplied by Charterers at.....per ton.

Merchant's men to discharge the Cargo, Owners paying usual cost for so doing.

In case of average, the same to be settled according to the Custom and Law of the place where the Cargo is insured.

Although the Charter Party is entered into by.....& CO., it is agreed that their liability in every respect shall cease as soon as the Cargo is shipped. The Owners to have a lien on the Cargo for Freight, Demurrage, and Average.

The Brokerage of Five per Cent. is due to.....& CO., on signing of this Charter-Party, and the Steamer is to be cleared by..... .....& CO., or their Agents, on the usual terms, at the Custom House, at Port of loading.

Penalty of Non-performance of this Agreement, Amount of Damage.

Negligence Clause as per Baltic Bill of Lading, 1885.

Steamer to give use of steam winches for discharging if required, and find men and steam to work same free of charge.

.....

.....

FIREWOOD.

Example of a Firewood Charter.

LONDON, 19

account, also iron for ballast for ship's benefit.
dead freight and demurrage is due on signing this Charter.
Ship lost or not lost.

1. IT is this day mutually agreed between
of the good ship or vessel called the
of the burthen of tons register or thereabouts, and of the estimated
carrying capacity of fathoms, ten per cent., more or less, whereof
is at present Master, and now
and
2. That the said ship being tight, staunch, and strong, and every way fitted for the voyage shall with all convenient speed, sail and proceed to
or so near thereunto as she may safely get, and always lying afloat, there load from the Factors of the said Freighters a full and complete cargo (including a deckload at full freight) of DEAL, AND/OR BATTEN, AND/OR BOARD ENDS, FIREWOOD
which is to be brought to and taken from alongside the Ship at Merchant's risk and expense, not exceeding what she can reasonably stow and carry over and above her tackle, apparel, provisions and furniture; and being so loaded shall therewith proceed to one of the usual wood docks in the RIVER THAMES, as ordered on arrival at GRAVESEND, provided the Dock Company can receive the Ship within four clear days after arrival at Gravesend, after which Laydays to count (Merchants paying two-thirds Dock dues), or as near thereunto as she may safely get, and deliver the same on being paid freight as follows:
£ say
British Sterling per fathom of 216 cubic feet delivered, in full of all port charges and pilotages as customary.
3. The Act of God, the King's Enemies, the Accidents of War, General Strikes of Stevedores, Lightermen or Dock Labourers, that may prevent the discharge of the Cargo, Restraints of Princes and Rulers, Fire, Ice, and all and every other Dangers and Accidents of the Seas, Rivers, and Navigation, of what nature and kind soever, and any act, neglect or default whatsoever of Pilots, Master or

A true copy of

Master has liberty to load a few spars on his own
The commission of per cent. on all freight,
to

Crew in the Navigation of the Vessel, prior to and during the said voyage, always excepted.
4. The Freight to be paid on unloading and right delivery of the cargo, in cash, less four months' discount on one-half freight, at five per cent. per annum, or Bank Rate if higher.
5. Sufficient cash for ship's ordinary Disbursements to be advanced the Master at port of loading, to be deducted in settlement of Freight, together with insurance thereon, such insurance to be effected in London.
6. running days (Sundays and Holidays excepted) are to be allowed the said Freighter (if the Ship is not sooner despatched) for loading the said Ship at port of loading, and to be discharged at her port of delivery in
like days and Ten days on demurrage, over and above the said laying days at per day. Laydays to commence, except as above provided, the day after vessel is in a berth in dock and ready to discharge.
7. The Captain and Owners to have an absolute lien on the Cargo for Freight, Dead Freight, and Demurrage.
8. The Captain's signature for quantity shipped as stated on Bill of Lading to be conclusive evidence, and binding on Captains and Owners, but in case of dispute as to the quantity shipped, the Master to have the right to sign Bills of Lading stating "quantity unknown".
9. The value of any quantity short delivered is to be deducted from the Freight.
10. The Ship to be reported and cleared at the Custom House, London, by
on usual terms.
11. Captain to apply for cargo to
12. Penalty for non-performance of this Agreement, estimated amount of Freight.

original Charter

Witness to the Signature of

Witness to the Signature of

Example of an Ore Charter.

CHARTER PARTY.

London.....190..

ORE CHARTER.

IT IS AGREED BETWEEN.....
owners of the good Steamship or vessel called the.....
of.....tons net register, now.....
and .....

That the said Ship being warranted tight, staunch, and strong, and in every way fitted for the voyage, shall after delivery of her outward cargo, proceed with all convenient speed to .....
and there load in the customary manner, in turn, when, where and as soon as ordered by Shippers' agent a cargo of Iron Ore, say about.....tons, not exceeding what she can reasonably stow and carry over and above her Tackle, Apparel, Provisions, and Furniture, and being so loaded shall forthwith proceed to .....
and there deliver the same as customary, when, where and as directed by Consignee, to whom written notice is to be given during office hours of the vessel being ready to discharge, Ship paying for discharging one shilling per ton.

Freight to be paid at and after the rate of.....
per ton of 20 cwt. delivered, in full of all charges, pilotage, consulage, lights, trimming, cranage, haulage, lighterage, towage, and all other dues.

Sufficient Cash for Ship's disbursements, not exceeding one-third of the entire freight, if required, to be advanced at Port of Loading at the customary exchange by Shippers against the receipt of the Master on Bills of Lading, less Three per cent. to cover commission, interest, and insurance, and the remainder of the freight to be paid on right and true delivery of the whole Cargo in Cash.

The Cargo to be shipped at the rate of 200 Tons per clear working day of 24 hours (weather permitting), Sundays and Holidays always excepted; and to be

discharged on same terms. (Except in case of Strikes of Miners or Workmen, Political Disturbances, Riots, Insurrections, Epidemics, Quarantine, Accidents at Mines from which the Ore is intended to be shipped, Stoppage of Trains, Frost, Ice, Interventions of Sanitary, Customs, or other constituted Authorities, or any cause beyond the personal control of the Shippers or Charterers, or Consignees, which may hinder the loading or discharge of the said vessel. In these cases, lay days not to count and demurrage not to accrue.)

Time for loading to count from 6 a.m. after Ship is reported and ready in turn, and for discharging from 6 a.m. after Ship is reported and in every respect ready in berth, and in free pratique, as per custom of Port. Time between 1 p.m. Saturday and 7 a.m. Monday not to count. In case Shippers can arrange to load or discharge on Sundays or Holidays, or before time commences to count, Captain to allow work to be done; such time not to count.

The Ship to unload barges sent alongside with all possible despatch (should this mode of shipment be used); and any delay incurred by not doing so, not to count as part of the lay days. Ship to load and discharge as rapidly as possible and to give use of steam winches, steam, and necessary hands, free of expense, and to work at night, if requested to do so, paying any extra expense incurred thereby. Ship to keep the steam winches in good working order.

Demurrage (if any) at the rate of Twenty Shillings sterling per hour, but Charterers have the option of averaging days for loading and discharging, in order to avoid Demurrage, and in case of Demurrage at discharging port, to return corresponding amount of despatch money earned in loading. Despatch Money, at the rate of Ten Shillings per hour, for any time saved in loading and/or discharging, to be settled in loading and discharging ports respectively.

If any misrepresentation be made in respect of the size, position, &c., or should the steamer not be in.....and ready to load within.....
days from date of this Charter, it shall be at the option of the Charterer whether or not he will load the vessel. Lay days not to count before.....

The Captain to sign Bills of Lading at any freight required by Charterers, not less than aforesaid rate, and difference to be endorsed on Bills of Lading as cash advanced on account of freight.

The Captain to employ Charterer's agents at Ports of Loading and Discharging for Custom-house business inwards and outwards, on the usual terms, or for each default pay £20 as liquidated or agreed damages. Steamer to be reported during official hours only.

Any averages occurring under this Charter to be settled according to the York and Antwerp rules, 1890.

Master to telegraph as well as Charterer's agents at Port of Loading, should he have to put in at any Port or Ports.

In case of Jettison, the Captain to report the same to Consignees immediately on arrival.

An address commission of 2½ per cent. to be paid to Charterer.

Shippers to put the mineral on board, Ship paying tenpence per ton for such operation.

A Commission of Five per cent. on the gross amount of freight, dead freight, and demurrage is due to.....on signing this Charter, Ship lost or not lost, one-third of which is due to.....

Ship to apply to.....for Cargo, and wire them day before leaving last Port of Discharge, failing which Shippers to be allowed one day extra for loading.

(The Act of God, the King's Enemies, loss or damage from fire on board, in hulk or craft, or on shore, arrest, and/or Restraint of Princes, Rulers, and People, Collision, any act, neglect, or default whatsoever, of Pilot, Master or Crew in the management or navigation of the Ship, and all and every other dangers and accidents of the Seas, Canals and Rivers, and of Navigation of whatever nature or kind always mutually excepted.) The vessel to have liberty to sail without Pilots, and to tow and assist vessels in distress, and to deviate for the purpose of saving life or property, or for coal if necessary.

All liability of Charterer shall cease on completion of loading and payment of advance, if any, Owner having lien on cargo for freight, dead freight, and demurrage.

Extra duty (if any) in consequence of the Vessel not being British to be borne by Ship.

Penalty for non-performance of this Agreement, estimated damages,

WITNESS,

Example of a Charter Party for the Madras Coast.

STEAM CHARTER PARTY S.S. " " MADRAS COAST.

LONDON, 19

IT IS THIS DAY MUTUALLY AGREED between
of the good Steam Ship called the " " of the net register tonnage of
tons or thereabouts, classed and
as Agents for Merchants, Charterers :—

2. That the said Steam Ship, now reported on passage to or at shall with all possible speed, after the discharge of her inward cargo, if any, proceed in ballast, under steam, to a port on the Madras Coast, to be declared by Charterers or their Agents before vessel leaves port of discharge and, on arrival thereat, being tight, staunch, strong, and in every way fitted for the voyage, shall then and there and at ONE or TWO other ports also on the Madras Coast, always afloat, load as customary from the Charterers or their Agents, a full and complete cargo which they hereby bind themselves to ship, to consist at Charterers' option of Rice, and/or Jaggery and/or Deadweight

and/or other lawful merchandise, Freight to be computed and paid for in accordance with the Madras scale of tonnage, but Gingelly, and/or Rape and/or Niger, and/or Castor, and/or other light seeds (Poppy seeds always excluded) and/or Myrabollans, and/or Shelled Ground Nuts in Bags, to be computed and paid for at per ton of Twenty cwt. net delivered (Charterers to have the option of shipping one hundred tons of lawful merchandise (Jaggery and Horns excluded) at Chartered rate of freight per ton net delivered, computed in accordance with the Madras scale of tonnage, and one hundred tons consisting of pockets, and/or Horns, and/or Redwood at half the rate of Freight per ton of Twenty cwt. net delivered. Should the Master require any broken stowage or dunnage Charterers to have the option of shipping these also at half freight, not exceeding what she can reasonably stow and carry over and above her tackle, apparel, provisions and furniture; and being so loaded, shall therewith, as ordered on signing Bills of Lading (or at at Charterers' option) proceed under steam *via* the Suez Canal to

or so near thereunto as she may safely get, and lay afloat, and deliver the same, always afloat, in any Dock the Freighters or their Agents may appoint, Freight in full of all port charges, pilotages and primages to be paid on the unloading and right delivery of the cargo at and after the rate of

	£	s.	d.	
To MARSEILLES, GENOA, SEBASTOPOL, or ODESSA				as above per ton
To HAVRE, DUNKIRK or ANTWERP				
To LONDON or a port in the UNITED KINGDOM				
To				

3. The steamer has liberty to carry Passengers for Owners' benefit; to call at any ports in any order, to sail without Pilots, to tow and be towed, to assist vessels in distress, and to deviate for the purpose of saving life or property.

The act of God, perils of the sea, fire, barratry of the Master and crew, enemies, pirates and thieves, arrests and restraints of Princes, Rulers and People, collisions, stranding, and other accidents of navigation excepted, even when occasioned by negligence, default, or error in judgment of the Pilot, Master, Mariners or other servants of the shipowners.

Steamer not answerable for losses through explosion, bursting of boilers, breakage of shaft or any latent defect in the machinery or hull, not resulting from want of due diligence by the owners of the Ship, or any of them, or by the Ship's Husband or Manager.

4. The Freight (less such amount for disbursements as may have been advanced by the Freighters or their Agents to the Master at the loading port or ports) to be paid on the unloading and right delivery of the cargo, if in the United Kingdom in cash, as customary, but if elsewhere, at current rate of Exchange in cash sufficient for steamer's use, and balance by good and approved short dated bills on London.

5. weather working days (Sundays and Holidays excepted) are to be allowed the said Merchants (if the Steamer is not sooner despatched) for loading the said Steamer, said days to be computed from the time of the Steamer being finally clear of her inward cargo, if any, and ready to load (the Master or Agents giving 12 hours' written notice, before noon, to the Charterers or their Agents) at each loading port; and ten days on demurrage, over and above the said lay days, at sixpence per net register ton, per day, to be paid day by day. Time occupied in changing ports not to count as lay days.

6. A commission of (5 %) five per cent. on estimated amount of Freight to be paid to the Charterers at the final port of loading.

7. No hooks to be used in receiving, stowing, or delivering the cargo, and no bags to be cut; all requisite mats and dunnage to be found by the steamer.

8. The cargo to be brought to and taken from alongside the Steamer at the risk and expense of the Shippers.

9. Charterers' responsibility to cease on Vessel being loaded, provided the cargo is worth the Freight, the Owners having an absolute lien on the cargo for all freight, dead Freight and Demurrage. In case of average, to be settled according to York-Antwerp Rules.

10. The vessel's hold to be sufficiently ventilated; Shippers to supply materials. Captain to employ

the Stevedore of the Charterers who will work on board under his supervision and assistance on the usual terms of the port. The vessel to be moved to and moored once at any safe anchorage required by the Shippers of cargo.

11. Sufficient cash, at the current rate of Exchange, for Steamer's necessary disbursements to be advanced to the Master, if required at the Loading Port, not exceeding Rupees (for the necessity of which disbursements or for due appropriation of the same, the Charterers shall not be responsible) for which he will give his receipt, including (2½ %) two-and-a-half per cent. commission. The amount, together with cost of Insurance, to be endorsed on Bills of Lading, to be on account of and deducted from Freight on settlement thereof.

12. The Captain to sign Eastern Trade Bills of Lading, and their conditions to form part of this Charter-Party, at any rate of Freight required by the Charterers, without prejudice to this Charter-Party, but at not less than the average chartered rate unless the difference is paid in cash before signing, at current rate of Exchange for ninety days' Sight Bank Bills.

13. Charterers to have the option of underletting the Vessel in whole or in part. The Master not to take on board any other cargo than that of the Charterers without their written permission.

14. If Charterers or their Agents require it lay days to commence not before the day of 19 and Charterers or their Agents to have the option of cancelling this Agreement should the Vessel not arrive at her first loading port, and be ready to load on or before the day of 19 which option shall be declared within 12 hours after receipt, before noon, of Master's written notice of arrival thereat.

15. Should Charterers load the Vessel at one or two ports only, the freight to be reduced by per ton for each port saved.

16. Steamer to be addressed to Owners' Agents at port of discharge free of Commission.

17. On arrival at Port of destination the cargo to be discharged without delay and according to the custom of the Port for steamers. If Vessel ordered to Marseilles she is to be discharged in the Docks, or at the free quay (quais libres) at the Charterers' option, provided there is no delay in getting a berth. Lighterage, if any, to be borne by the shippers and/or Consignees of the cargo.

18. The Captain of the above Steamer shall telegraph to arrival at and also departure from the Port where Steamer is to receive orders for first Loading Port.

19. (5 %) five per cent. brokerage on the estimated amount of Freight is due under this Charter-Party by the Owners to Ship lost or not lost.

20. Liquidated damages for non-performance of this agreement estimated amount of Freight.

Witness to the Signature of

Witness to the Signature of

Clauses on a Charter Party.

The chief clauses on a charter party are explained below, where they differ from those on a bill of lading.

In Ballast.—A steamer is said to be in ballast when she does not carry a cargo, but has ballast on board to "trim" her or steady her in the water; and the ballast may be either gravel, flints, stones, etc., or large tanks full of water for ballast, as in many of the modern steamers.

Dead Weight refers to heavy goods either sent loose in bulk, or packed in casks, cases, barrels, etc., and this is usually placed in the bottom of a vessel to steady her, the lighter cargo coming on top.

Dunnage is a term used for the pieces of wood, mats, or small goods of any kind packed in between other merchandise to fill up the spaces and prevent the cargo from shifting or getting damaged.

Pilotage.—The fees paid to a pilot.

Consulage.—The fees paid to a Consul for getting his seal and signature to any document.

Trimming.—Stowing cargo in bulk by spreading it equally over the surface so that it shall not rest cone-shaped as it falls down the hold.

Cranage.—A charge for the use of cranes.

Haulage.—A charge distinct from carriage, for hauling or carrying goods from point to point on a railway.

Lighterage.—A charge for the use of a lighter or barge.

Towage.—A charge for towing a boat or a vessel.

Lay Days, or *Laying Days*, are the number of days agreed upon to load and discharge a steamer, and they

begin to count from the date of the vessel's arrival at the proper place for loading, discharging, or receiving orders.

A Ship's Husband is the person who attends generally to a vessel's requirements when in port, and furnishes stores for her voyage, attends to her repairs, etc.

Stevedore.—This is a man whose business it is to stow cargoes in ships. The miscellaneous cargo as it goes down a ship's hold is of such a varied kind that only experienced men could pack (or "stow," as it is called) the goods in such a manner as to prevent them from shifting on the voyage, while at the same time utilising every inch of space.

Liquidated Damages are damages the amount of which has been ascertained or agreed upon beforehand.

Dispatch Money is an allowance of so much per hour or per day, made by the owners of a chartered vessel when she is loaded or unloaded in a quicker time than that agreed upon in the charter party.

Demurrage is a charge per hour or per day made by them when the vessel is detained longer than the lay days agreed upon in the charter party.

Bunker Coal in a coal charter means coal put into the bunkers for the ship's use on the voyage, and is of course distinct from the cargo of coal she carries.

Running Days.—The number of days following each other, Sundays and holidays excepted, in which the cargo is to be loaded or discharged.

Running Hours.—The number of consecutive hours allowed for loading or unloading a chartered ship.

CHAPTER VIII.

Opening a Banking Account.

When a person wishes to open an account with a bank he usually takes an introduction to them, and having paid in a sum of money he writes in the signature book his name, address and occupation, and thus shows the bank his signature by signing his name in the same way in which he intends to sign his cheques, so that, in cases of doubt, the bank can verify his signature upon any of his cheques or bills of exchange. He is then supplied with a cheque book containing a certain number of blank cheques either to bearer or to order as desired, the amount of which, for the value of the stamps only, his account will be debited. A book of paying-in forms is also supplied free of charge, so that he may record upon them the amount of bank notes, gold, silver, cheques or bills of exchange as they are paid into the bank for collection. The following is a leaf from a paying-in book. On the counterfoil is recorded the name of the party from whom the cheque has been received for copying into our account books, while on the slip itself we only insert the amounts under their proper headings, and fill in the total.

The separation in this way of the various items paid into a bank is of great importance to them, because it facilitates their work in book-keeping.

Example of a Book of Paying-in Slips.

.....19

Customers paying in before quarter-past 3 o'clock, and on Saturdays before quarter-past 1 o'clock, will greatly facilitate business.

THE BLANK JOINT STOCK BANK LIMITED,

LEADENHALL STREET, E.C.

Date.....

Credit.....

.....

Bank Notes.....

Gold.....

Silver.....

Cheques, &c.....

SHORT BILLS.

£	s.	d.

Total £

N.B.—Cheques drawn on this Branch are paid through the Clearing House.

Having filled in the leaf, we take the book to the bank, and hand it to the cashier, who checks the amounts on the counterfoil with the amounts on the slip and initials the counterfoil if found correct. He then tears out the slip which is called the paying-in slip, and hands the book back to us again. When country cheques are paid in, a book of a different colour—usually green—is used.

The banker also gives us free of charge a pass book showing a complete record of all sums received and paid by us, and which is in fact a copy of our account in the bank ledger. The left or Dr. side of the pass book shows the amounts we have paid into the bank, and on the right or Cr. side the amount we have either received ourselves or paid away to others. Pass books should be frequently left with the bank to be made up, by being dropped into the box marked "Pass Books," and if not returned oftener, they should at least be deposited some days previous to the 30th June and 31st December in each year, in order that they may be balanced and agreed with the bank ledger.

Merchants who accept bills usually make them payable at their bankers, and they are consequently paid into their bank by the holders for collection at maturity in the same manner as cheques.

In all the large banks all cheques are paid by one set of clerks, called paying cashiers, who become experts in their knowledge of signatures and other technical work which a bank cashier should know, and when the signature on a cheque appears doubtful to them, the cheque is usually referred to us for verification.

Money on Deposit.

When a customer wishes to transfer a sum of money from his current account to a deposit account at "call,"

or at a seven days' or other notice of withdrawal, he obtains from the bank cashier a printed slip on white paper in the following form, and after filling in the particulars required, he hands the slip back to the cashier, who then passes the transfer through the books.

Example of a slip transferring money from current to deposit account.

FROM CURRENT ACCOUNT.

To *Date* _____

THE BLANK JOINT STOCK BANK, LIMITED.
Leadenhall Street, E.C.

Please TRANSFER *the sum of £* _____ *from* CURRENT *to* DEPOSIT *Account on the* _____

When it is desired to transfer any amount back from deposit to current account, we obtain and sign a blue slip as follows:—

Example of a slip transferring money from deposit to current account.

FROM DEPOSIT ACCOUNT.

To *Date* _____

THE BLANK JOINT STOCK BANK, LIMITED.
Leadenhall Street, E.C.

Please TRANSFER *the sum of £* _____ *from* DEPOSIT *to* CURRENT *Account on the* _____

Where no fixed rate is agreed upon, the interest allowed on deposits at call and notice is a varying one, dependent upon the bank rate, and is fully explained in money market, to which the reader is referred, and the account is usually credited either quarterly or half yearly. In some cases, however, when the deposit is withdrawn after a short period, the interest is credited to our account at once.

Deposit Receipt.

When money is placed on deposit at a fixed rate of interest for a stated time, it is usual for a bank to issue a deposit receipt in the following form :—

Example of a Deposit Receipt.

The Blank Bank, Limited,
London, 1*st January*, 1901.

Deposit Receipt.
No.———

Received of James Grant, Esq., the sum of One Hundred Pounds for two years, to bear interest at the rate of 3 per cent. per annum for that period only, from the 1st inst.

For the Blank Bank, Limited.

———————*Manager.*

Similar receipts are given by the many Discount Houses and others who borrow money for stated periods at a fixed percentage rate.

CHAPTER IX.

Cheques.

A cheque is an unconditional order in writing, addressed to a banker, signed by the person giving it, requiring the banker to pay on demand a sum of money to, or to the order of, a specified person, or to bearer. The stamp on all cheques is 1d.

The person who signs the cheque is called the drawer, the banker on whom it is drawn the drawee, and the person named (if any), or to whose order the money is to be paid, the payee. The payee, while he holds the cheque, or any person who holds it by transfer from him, is called the holder.

Except where otherwise provided by the Bills of Exchange Act, the laws applicable to a Bill of Exchange payable on demand apply equally to a cheque.

A cheque may be drawn for any amount, however large or small the amount may be, and it may be drawn by two or more persons or a partner in the name of his firm.

A banker is under an obligation to his customer to honour the cheques which his customer draws on him as long as he has funds of his customer wherewith to meet them.

The following is a copy of a cheque :—

Example of a Cheque.

No. B/A 23301 *Leadenhall Street Branch,*

London ..... 19 .....

The London Blank Stock Bank Limited,

LEADENHALL STREET.

STAMP.

Pay to ..... *or* ORDER

£

THIS CHEQUE REQUIRES ENDORSEMENT.

HEAD OFFICE,
5 PRINCES ST.

LOTHBURY OFFICE,
6 LOTHBURY.

BRANCHES,
OLD BROAD ST.
LEADENHALL ST.
FENCHURCH ST.
GREAT TOWER ST.
WOOD ST.
CHARTERHOUSE ST.
CHANCERY LANE.
PALL MALL.
WESTMINSTER.
VICTORIA.
ONSLOW SQUARE.
SOUTH KENSINGTON.
PADDINGTON.
MARYLEBONE.
SOUTHWARK.
PECKHAM.
WOODFORD.
WALTHAM ABBEY.

SUB BRANCHES,
CHESHUNT.
WALTHAM CROSS.
ENFIELD HIGHWAY.
EAST DULWICH.
DULWICH VILLAGE.
BUCKHURST HILL.
LOUGHTON.

A cheque need not necessarily be dated, and when undated is payable on demand. It is not invalid by being ante-dated or post-dated, or by reason of its being dated on a Sunday.

A cheque payable to bearer, or to A. B. or bearer, is payable without endorsement.

A cheque payable to "Petty Cash or Bearer," to "Charges Account or Bearer," to "Wages Account or Bearer," and any similar wording, is payable without endorsement.

A cheque payable to Alfred Bird or "order" will require the payee's endorsement, but the drawer of a cheque can alter the word "order" to "bearer" if he initial the alteration made.

Merchants usually make cheques out to "order" when they require some proof that the payee has had the money, as such cheques will show the payee's endorsement.

Of course, a cheque not being a legal tender, nobody is bound to accept one in payment of a debt, nor should a payment thus made be treated as a payment in cash —the receipt for it should state that the payment was made by cheque.

In the event of a cheque being returned unpaid, the holder should immediately give the drawer notice of the fact.

If such negligence is shown in the drawing of a cheque that a dishonest person can alter the amount, and the banker pays the cheque, the loss would fall on the drawer, and not on the banker, for it would be held that the drawer invited the fraud by his own negligence in drawing the cheque so carelessly.

Crossed Cheques.

A cheque, being liable to be stolen, either from a person or from the post, and its being made payable to order being only a slender safeguard, it is very desirable to prevent a cheque being presented by, and payment being made to, a person for whom it was not intended; and the mode adopted as a further safeguard against this is called a crossing, for which the Bills of Exchange Act in the paragraphs shown provides as follows:—

76. (1) Where a cheque bears across its face an addition of:—

(*a*) The words "and company" or any abbreviation thereof between two parallel transverse lines, either with or without the words "not negotiable;" or

(*b*) Two parallel transverse lines simply, either with or without the words "not negotiable;" that addition constitutes a crossing, and the cheque is crossed generally.

2. When a cheque bears across its face an addition of the name of a banker, either with or without the words "not negotiable," that addition constitutes a crossing, and the cheque is crossed specially and to that banker.

77. (1) A cheque may be crossed generally or specially by the drawer.

(2) Where a cheque is uncrossed, the holder may cross it generally or specially.

(3) Where a cheque is crossed generally the holder may cross it specially.

(4) Where a cheque is crossed generally or specially, the holder may add the words "not negotiable".

(5) Where a cheque is crossed specially, the banker to whom it is crossed may again cross it specially to another banker for collection.

(6) Where an uncrossed cheque, or a cheque crossed generally, is sent to a banker for collection, he may cross it specially to himself.

78. A crossing authorised by this Act is a material part of the cheque; it shall not be lawful for any person to obliterate or, except as authorised by this Act, to add to or alter the crossing.

79. (1) Where a cheque is crossed specially to more than one banker, except when crossed to an agent for collection being a banker, the banker on whom it is drawn shall refuse payment thereof.

(2) Where the banker on whom a cheque is drawn which is so crossed nevertheless pays the same, or pays a cheque crossed generally otherwise than to a banker, or if crossed specially otherwise than to the banker to whom it is crossed, or his agent for collection being a banker, he is liable to the true owner of the cheque for any loss he may sustain owing to the cheque having been so paid.

Provided that where a cheque is presented for payment which does not at the time of presentment appear to be crossed, or to have a crossing which has been obliterated, or to have been added to or altered otherwise than as authorised by this Act, the banker paying the cheque in good faith and without negligence shall not be responsible or incur any liability, nor shall the payment be questioned by reason of the cheque having been crossed, or of the crossing having been obliterated or having been added to or altered otherwise than as authorised by this Act, and of payment having been made otherwise than to a banker or to the banker to whom the cheque is or was crossed, or to his agent for collection being a banker, as the case may be.

80. Where the banker on whom a crossed cheque is drawn, in good faith and without negligence pays it, if crossed generally, to a banker, and if crossed specially, to the banker to whom it is crossed, or his agent for collection being a banker, the banker paying the cheque, and, if the cheque has come into the hands of the payee, the drawer, shall respectively be entitled to the same rights and be placed in the same position as if payment of the cheque had been made to the true owner thereof.

81. Where a person takes a crossed cheque which bears on it the words "not negotiable," he shall not have and shall not be capable of giving a better title to the cheque than that which the person from whom he took it had.

82. Where a banker in good faith and without negligence receives payment for a customer of a cheque crossed generally or specially to himself, and the customer has no title or a defective title thereto, the banker shall not incur any liability to the true owner of the cheque by reason only of having received such payment.

The usual crossings on a cheque are:—

Example of a General Crossing on a Cheque.

& COMPANY

& CO.

Not negotiable

& COMPANY
Not negotiable

& CO.
Not negotiable

When a cheque is *crossed generally*, the banker on whom it is drawn must only pay it to some other bank.

Example of a Special Crossing on a Cheque.

LLOYD'S BANK

LLOYD'S BANK

LLOYD'S BANK
Not Negotiable

When a cheque is crossed specially, the bank on whom it is drawn must only pay it to the bank with whose name it is crossed, or to his agent for collection; but the banker whose name is written across the cheque may cross it to his agent for collection.

The *drawer* may cross a cheque in any of these ways, and so may the holder if he gets it uncrossed; and where it is crossed generally, the holder may cross it specially by adding the name of a bank, and in any case he may add the words "not negotiable" to a crossed cheque, but nothing can be added to a crossing.

Not Negotiable.

Not negotiable, as defined in section 81 of the Bills of Exchange Act, means that the person who takes the cheque "shall not have and shall not be capable of giving a better title to it than that which the person from whom he took it had," but these words, as already stated, can only be added to a "crossed" cheque.

A further safeguard is secured by adding to a crossing the words "not negotiable," as in the case of theft the banker on whom it is drawn may pay it, and the banker to whom it is crossed may receive the money for his customer without being liable to refund; but should the cheque get into wrong hands the man who cashed the cheque for a thief and received the money through the bank will have to refund that money to the true owner of the cheque. The reason is that the man who took it for value and presented it took a non-negotiable instrument as shown on the face of it. In fact the cheque is put upon the same footing as an overdue bill. To any person for whom it is not intended it bears dishonour on its face, and the man who takes it in payment or in exchange for money takes it at his peril. If the person who gave it him had a good title the taker of the cheque is safe; otherwise he is not. For the same reason, if the not-negotiable cheque is stopped, the *bonâ-fide* holder for value who has taken it from one who had no title has no action against the drawer.

CHAPTER X.

LOANS.

Obtaining Loans from Banks.

Loans are made by bankers on various kinds of marketable securities, and as it is necessary to see that the loans granted by them are properly secured, various documents are used, worded to suit each particular case, when such securities are pledged for money lent.

A Loan on Bonds to Bearer.

If a loan is granted on bonds to bearer, it is usual for the borrower to sign an agreement, which may be in the following form:—

The Blank Bank, Limited.

1st January, 1901.

In consideration of your advancing to me One hundred pounds on loan until the 1st July next, I deposit with you £300, Chilian 5 °/₀ Bonds, as collateral security for the due repayment of the said loan and interest at the rate of _____ per cent. per annum, or at such rate of interest as may hereafter be agreed upon; the present market value of the said securities is £_____. This value, during the continuance of the loan, I engage to maintain, and if the market price of the said securities decline, I hereby agree to deposit other approved securities, or to pay off a proportionate amount of the said loan before its maturity, should you consider it necessary.

Unless I am able to fulfil these conditions, I hereby authorise you to realise, at any time, the said securities, or any part thereof; and, in the event of the loan not being repaid when due, I authorise you to deal with the securities as you think desirable, so as to repay the said loan, or any part thereof with interest and expenses.

These securities are to cover any other sum, or sums, of money which I may at any time, either alone or jointly with any other person or persons, be indebted or liable to you while the securities, or any part thereof, may remain with you.

Sig 6d. Stamp nature

A Loan on Shares.

When shares are deposited as security for a loan, the usual course is to transfer them into the name or names of the manager or other head official of the bank. This is done by means of a transfer deed, which is shown on the following page, blank forms for which can be purchased at almost all stationers.

Such a transfer is, however, usually made in blank—that is, the names of the parties to whom the shares are to be transferred are not filled in—so that when the loan is redeemed, the transfer deed can be destroyed. But in case the money is not repaid, the banker is able to sell the shares and fill in the name of the transferee at the time of sale.

CHAPTER X.

LOANS.

Obtaining Loans from Banks.

Loans are made by bankers on various kinds of marketable securities, and as it is necessary to see that the loans granted by them are properly secured, various documents are used, worded to suit each particular case, when such securities are pledged for money lent.

A Loan on Bonds to Bearer.

If a loan is granted on bonds to bearer, it is usual for the borrower to sign an agreement, which may be in the following form:—

The Blank Bank, Limited.

1st January, 1901.

In consideration of your advancing to me One hundred pounds on loan until the 1st July next, I deposit with you £300, Chilian 5 °/₀ Bonds, as collateral security for the due repayment of the said loan and interest at the rate of _____ per cent. per annum, or at such rate of interest as may hereafter be agreed upon; the present market value of the said securities is £_____. This value, during the continuance of the loan, I engage to maintain, and if the market price of the said securities decline, I hereby agree to deposit other approved securities, or to pay off a proportionate amount of the said loan before its maturity, should you consider it necessary.

Unless I am able to fulfil these conditions, I hereby authorise you to realise, at any time, the said securities, or any part thereof; and, in the event of the loan not being repaid when due, I authorise you to deal with the securities as you think desirable, so as to repay the said loan, or any part thereof with interest and expenses.

These securities are to cover any other sum, or sums, of money which I may at any time, either alone or jointly with any other person or persons, be indebted or liable to you while the securities, or any part thereof, may remain with you.

Sig 6d. Stamp nature

A Loan on Shares.

When shares are deposited as security for a loan, the usual course is to transfer them into the name or names of the manager or other head official of the bank. This is done by means of a transfer deed, which is shown on the following page, blank forms for which can be purchased at almost all stationers.

Such a transfer is, however, usually made in blank—that is, the names of the parties to whom the shares are to be transferred are not filled in—so that when the loan is redeemed, the transfer deed can be destroyed. But in case the money is not repaid, the banker is able to sell the shares and fill in the name of the transferee at the time of sale.

Example of a Transfer Deed.

No. 321.
Transfer of Shares or Stock.

I,

Printed and Published by
WATERLOW BROS. & LAYTON, LTD.
Law Stationers,
Printers, Lithographers, &c.,
24 Birchin Lane, E.C.

Stock forwarded to the Company's Office by

Coupon for £

in consideration of the sum of*
paid by

hereinafter called the said Transferee ,
Do hereby bargain, sell, assign, and transfer to the said Transferee ,

of and in the undertaking called
the
To HOLD unto the said Transferee , Executors, Administrators, and
Assigns, subject to the several conditions on which held the same immediately before the
execution hereof; and the said Transferee , do hereby agree to accept and take the
said , subject to the conditions aforesaid.
As WITNESS our Hands and Seals, this day of
in the Year of our Lord One thousand eight hundred and ninety-

Witness's

Signed, sealed, and delivered, by the above-named
in the presence of
Signature,
Address,
Occupation,

Witness's

Signed, sealed, and delivered, by the above-named
in the presence of
Signature,
Address,
Occupation,

Witness's

Signed, sealed, and delivered, by the above-named
in the presence of
Signature,
Address,
Occupation,

Witness's

Signed, sealed, and delivered, by the above-named
in the presence of
Signature,
Address,
Occupation,

* The Consideration-money set forth in a transfer may differ from that which the first Seller will receive, owing to sub-sales by the original Buyer; the Stamp Act requires that in such cases the Consideration-money paid by the Sub-purchaser shall be the one inserted in the Deed, as regulating the *ad valorem* Duty; the following is the *Clause* in question:—

"Where a Person, having contracted for the purchase of any property, but not having obtained a conveyance thereof, contracts to sell the same to any other Person, and the property is, in consequence, conveyed immediately to the Sub-purchaser, the conveyance is to be charged with *ad valorem* Duty in respect of the Consideration for the Sale by the original Purchaser to the Sub-purchaser."—

[33 & 34 Vict. cap. 97 (1870), Clause 74, Section 3, of the Schedule.]

When a Transfer is executed out of Great Britain, it is recommended that the Signatures be attested by H.M. Consul or Vice-Consul, a Clergyman, Magistrate, Notary Public, or by some other Person holding a public position—as most Companies refuse to recognise Signatures not so attested.

When shares are transferred at a nominal consideration, the deed must be impressed with a 10s. stamp, but when the consideration exceeds a nominal amount the stamp duty is as follows :—

				S.	D.
Exceeds £5	and	does not	exceed £10 -	1	0
10	,,	,,	15 -	1	6
15	,,	,,	20 -	2	0
20	,,	,,	25 -	2	6
25	,,	,,	50 -	5	0
50	,,	,,	75 -	7	6
75	,,	,,	100 -	10	0

and 2s. 6d. for fractions of £25 up to £300, and then for every £50 or fractional part thereof 5s.

However, it may not be considered necessary to transfer the shares, and in such cases the transfer is stamped with a nominal consideration of 10s. per cent., and duly signed by the transferor. At any time the bank is then in a position to sell and transfer the shares into such name or names as it requires if the loan is not repaid at the stipulated time.

A Loan Against Guarantee.

Sometimes a loan is granted against the guarantee of some other person, called the guarantor, who is required to sign a form, which may be as follows :—

In consideration of your advancing to John Jones the sum of Five hundred pounds for three months, I hereby agree to hold myself, my executors and administrators responsible for the due repayment of the same, or any unpaid portion thereof, together with interest at the rate of 4 per cent. per annum, and I undertake to pay you the amount which may become due to you under this guarantee upon your demand.

This guarantee should be impressed with a 6d. stamp at the Inland Revenue Office.

A Loan on Goods.

Merchants sometimes require to have advances made on documents representing goods which are either on board a ship or landed at some warehouse previous to sale in order to pay for other goods they have purchased.

Of the first kind we have bills of lading, which may be drawn in four parts, *viz.*, one sent by the ship, the second sent by post to the consignee, the third to an agent or factor of the shipper in the same country as the vendee, and the fourth being retained by the shipper.

Bills of lading, as will be seen from the copy on p. 98, represent goods shipped to another country, and the master of the ship is bound to deliver the goods to the first person who presents the documents, provided they are properly endorsed.

A bank will rarely take bills of lading as security unless they are endorsed in blank, and the bills should be accompanied by the policy of insurance insuring the goods to their destination.

A Loan on Warrants and Delivering Orders.

Warrants and delivery orders are sometimes lodged with a bank as security for a loan, when the merchant signs an agreement as follows :—

In consideration of your advancing to me the sum of Five hundred pounds on loan until the ____ day of _____ next, I herewith deposit Warrants for the undermentioned goods, which are insured under Policy No. ____ in the _____ Office for £ _____ until _____, as collateral security for the due payment of the same with interest at the rate of ___ per cent., and in case I am unable to pay the above-mentioned loan and interest when due, I hereby authorise you to sell the said goods, of which the Warrants or Delivery Orders may be substituted, either by Public Auction or Private Contract, and in such lot or lots as you may think fit, and out of the net proceeds to pay the said loan and interest and any other moneys then due to you.

I hereby engage to renew the aforesaid Policy of Insurance when necessary, and in the event of my not doing so, I hereby authorise you to insure the said goods and debit me with the premiums thereon, and to repay yourselves out of the proceeds.

The present market value of the goods is _____, and this value during the continuance of the loan I engage to maintain, and in the event of the market price declining, I hereby agree to deposit other approved security, or to discharge such portion of the loan as you may require; otherwise you are at liberty to realise in the manner above stated.

This security is to cover any sum or sums of money in which I may be indebted or liable to you, while any goods or warrants or _____ remain in your possession, and either on joint or separate account.

Sig 6d. Stamp. nature

Shipmarks and Numbers.	Merchandise.	Net Weight.	Price.			Value.		
			£	S.	D.	£	S.	D.

Loans on Insurance Policies.

When bankers make advances on insurance policies the party who deposits the policy signs the following agreement, which must be impressed with a 6d. stamp:—

To the Blank Bank, Ld.

Referring to the Deed of Assignment of the Policy set out in the schedule below, this day executed by me in your favour, I hereby agree and undertake, in consideration of the moneys due from me to the bank, to keep the premium on the said Policy duly paid, and to produce the receipts for the same if and when called upon.

The Schedule referred to

£1,000, annual premium £30.

THOMAS JOHNS.

The assignment would be as follows, and it must be stamped with the *ad valorem* duty, which depends on the amount of the consideration money paid:—

I _____ of _____, in consideration of the sum of _____, do hereby assign unto A_____ B_____ the Policy of Assurance for Five hundred pounds on my Life with the _____ Life Assurance Company dated _____ and numbered _____.

As witness my hand and seal this ____ day of _____.

Signed, sealed and delivered
by the above named _____

in the presence of _____

It will now be necessary for the bank to give the assurance company notice that the policies have been assigned, when the following form would be used:—

To the Secretary and Directors of the
Blank Assurance Company.

Gentlemen,

Please take notice that by an instrument bearing date_____, and for the consideration therein mentioned, Thomas Johns of_____ assigned to us the Policy of Assurance for £500 effected on his life in the above Company, dated_____, and numbered_____.

An acknowledgment of the receipt of this notice, for which I enclose the Statutory Fee of 5/-, will oblige.

For the BLANK BANK, LTD.

_____, Manager.

On receipt of this notice of assignment the insurance company will acknowledge receipt in a letter as follows:—

The Blank Assurance Company.
Policy No._____

Sir,

I beg to own receipt of your favour of the _____ inst., intimating that by an instrument bearing date _____, Mr. Thomas Johns assigned the above Policy to you.

We have duly recorded the intimation in our books, but in acknowledging that we have done so no opinion or admission on the part of the Company is to be implied as to the validity or legal effect of the Deed.

The Statutory Fee of 5/- is to hand.

_____

_____

To the BLANK BANK, LTD.

We have described the principal documents used by commercial men when securities are lodged with banks for the due repayment of money lent, and the most important point to be remembered in connection with obtaining loans and advances from banks is that

the security offered should be a marketable one and capable of being transferred to the bank without much difficulty or expense.

With regard to loans on mortgages, leaseholds, ground rents, works, machinery, mines, the uncalled capital of a registered company, or upon its debentures, the documents required would be somewhat voluminous and would generally require special forms prepared by solicitors.

CHAPTER XI.

Bills of Exchange.

A bill of exchange is an unconditional written order signed by A and addressed to B directing him to pay on demand or at a fixed or determinable future time a named sum of money to, or to the order of a specified person or to bearer.

Bills of exchange are of two classes—Inland Bills, or those drawn and made payable in the same country, and Foreign Bills, or those drawn in one country but made payable in another.

The person who draws a bill is called the Drawer, the person on whom it is drawn is called the Drawee, and when the bill is accepted by him he is known as the Acceptor, while the party to whom a bill is payable is the Payee.

As bills of exchange form a method of payment, they pass from one person to another, or, as it is termed, they are negotiated, and when this is done the Payee before delivery to another signs his name on the back of a bill, and then he becomes the Endorser. If the

Endorser makes a bill payable to another person, this latter becomes the Endorsee.

Every endorsement on a bill constitutes the endorser as a new drawer, and the endorsement admits the signature and capacity of every prior party to the bill, so that every endorsement on a bill is an additional security to the Holder—that is any party who holds a bill payable to him.

The simplest form of a bill of exchange is one made out to Bearer payable On Demand, At Sight, or On Presentation.

Example of a Bill of Exchange Payable to Bearer on Demand.

LIVERPOOL, 1*st January*, 1901.

£50 0s. 0d.

Pay to the bearer on demand Fifty Pounds.

FRANK JONES.

To Mr. JAMES REED,
840 Leadenhall St., London.

Here Frank Jones is the Drawer, James Reed the Drawee, and whoever holds the bill is both Holder and Payee. The bill does not require acceptance—it is payable on presentation at any time, six days of grace being allowed on bills payable At Sight, On demand, or On Presentation.

Another form is one payable to Bearer at a fixed time.

Example of a Bill of Exchange Payable to Bearer at a Fixed Time.

LIVERPOOL, 1*st January*, 1901.

£50 0s. 0d.

Three months after date pay the bearer Fifty Pounds.

FRANK JONES.

To Mr. JAMES REED,
Leadenhall St., London.

Here the bill is payable at a fixed time, and it does not require acceptance by the drawee, but is payable on demand on the 4th April, the last day of grace.

A further form would be one payable to Bearer at a determinable time, dependent upon the date that the Drawee sees and accepts the bill.

Example of a Bill of Exchange Payable to Bearer at a Determinable Time.

LIVERPOOL, 1*st January*, 1901.

£50 0s. 0d.

Three months after sight pay the bearer Fifty Pounds.

FRANK JONES.

To Mr. JAMES REED,
Leadenhall St., London.

Bills drawn in favour of the bearer, whether on demand or not, pass by delivery from hand to hand without endorsement, but they may of course be endorsed by each holder, and then passed on any number of times. Here the date of payment will date from the time of the bill being accepted by the drawee, and all bills drawn payable after sight should be presented to the drawee for his acceptance at the earliest possible moment, and in the above case the three months run from the date of the Drawee's acceptance.

Another form would be a bill made payable to the Drawer on a fixed date.

Example of a Bill of Exchange Payable to the Drawer.

LIVERPOOL, 1*st January*, 1901.

£100 0s. 0d.

Three months after date pay to me One Hundred Pounds.

FRANK JONES.

To Mr. JAMES REED,
Leadenhall St., London.

Here the date of payment is fixed for the 1st April, but with the days of grace the bill is not actually payable until the 4th April.

A further example of a bill is one made payable to the Drawer on his order.

Example of a Bill of Exchange Payable to Drawer or his Order.

LIVERPOOL, 1*st January*, 1901.

£100 0s. 0d.

Six months after date pay to me or my order One Hundred Pounds, value received.

FRANK JONES.

To Mr. JAMES REED,
840 Leadenhall St., London.

Without endorsement this bill is payable to Frank Jones only, but of course he can endorse it payable to any one he pleases. If Jones, instead of making himself the payee, desired the amount to be paid to Samuel Johnson, the bill might be drawn as follows :—

Example of a Bill of Exchange Payable to a Third Party.

LIVERPOOL, 1*st January*, 1901.

£100 0s. 0d.

Six months after date pay to Samuel Johnson One Hundred Pounds, value received.

FRANK JONES.

To Mr. JAMES REED,
Leadenhall St., London.

This bill, although made payable to Johnson, will pass current on receiving his endorsement in blank, or he may endorse it payable to another party by naming him in the endorsement.

For the purpose of negotiation, bills are mostly drawn payable to a third party or to his order as follows :—

Example of a Bill of Exchange Payable to a Third Party or to his Order.

LIVERPOOL, 1*st January*, 1901.

£100 0s. 0d.

Six months after date pay to Samuel Johnson or order One Hundred Pounds, value received.

FRANK JONES.

To Mr. JAMES REED,
Leadenhall St., London.

Here the bill is payable to Johnson, or to his order by endorsement—that is, he may order the bill to be paid to another party by endorsing the name of the party to whom he wishes the payment to be made, and the Endorsee thus named may in turn endorse the bill over to another person, thus passing on the bill from hand to hand in payment of a debt until the bill is due, when the last holder will present it to James Reed for payment.

To avoid the risk of loss in transmission, bills are usually drawn in sets of three, all of the same wording, except that they are specified as First, Second, or Third; and when one of these is paid, the others are of no use or effect whatever. It is a common practice among merchants to send one of these three "Vias," as they are sometimes called, usually the First unendorsed to their correspondents in the city on which the bill is drawn, to get it accepted, keeping the others for negotiation, and when the bills are sold a merchant will put an indication on them to the effect that the accepted via is

in the hands of his correspondents, naming them by writing across the face of the bill:—

"First accepted with Messrs. HALL & SONS" (the name of his correspondent).

His correspondent, having got the bill accepted, will keep it, and deliver it up to the party presenting one of the endorsed vias. By this means the risk of sending accepted bills backwards and forwards by post is avoided.

It very often happens that only one bill is drawn, called a Sola bill, or, when a set is drawn and the others are not to hand, the single via is sent forward for acceptance in the usual way, and a copy of it made and negotiated. In such cases the party to whom the bill is sent to get accepted will hand it over to the presenter of the endorsed copy.

A clerk, in copying a bill, should do so very exactly, and should write the word copy legibly on the face of his copy. If there are any endorsements, he must copy them on the back of his copy, and having done so, he should write thereon directly after the last endorsement, "Thus for copy," so that all the writing above these words shall be taken as a true copy of the original. Even if there are any mistakes in the true spelling of a word he should copy the original exactly.

CHAPTER XII.

FOREIGN BILLS OF EXCHANGE.

Foreign bills of exchange are those drawn in one country, but made payable in another.

Example of a Foreign Bill of Exchange drawn Abroad.

First. SEVILLE, 1*st January*, 1901. £500

At sixty days after date of this First of Exchange (Second and Third of the same tenor and date not being paid), Pay to the order of Messrs. Gil Perez & Co. the sum of Five hundred pounds sterling, and charge the same to account as advised by

OLANDO & CO.

To Messrs. SMITH & DAWSON,
London.

Here Messrs. Olando & Co. are the Drawers, Messrs. Smith & Dawson the Drawees, and Messrs. Gil Perez & Co. the Payees.

Now the Payees can transfer their right to the money to another party by endorsement, and if Gil Perez & Co. wished to transfer the money to A. Jones & Co. they would endorse the bill:—

Pay to the order of
A. Jones & Co.
GIL PEREZ & CO.

Here Gil Perez & Co. become the Endorsers, the

writing itself is called the Endorsement, and A. Jones & Co. are the Endorsees.

If A. Jones & Co. kept the bill they would become the Holders, and when the bill became due, the Payees; but before they could get payment for the bill it would require their endorsement under Gil Perez & Co. as follows :—

Pay to the order of
A. Jones & Co.
GIL PEREZ & CO.
A. JONES & CO.

But A. Jones & Co. might endorse it to James Brown as follows, when A. Jones & Co. would become the Endorsers, and James Brown the Endorsee :—

Pay to the order of
A. Jones & Co.
GIL PEREZ & CO.
Pay to the order of
James Brown.
A. JONES & CO.

and so on *ad infinitem*, the last Endorsee being the Payee, and therefore the person entitled to receive the money as soon as the bill became due.

An Allonge.

Should a bill not be large enough to carry all the endorsements which may be wanted to be made, a piece of paper, called an Allonge, can be pasted on to it, and the further endorsements written thereon. Any important alteration will invalidate a bill, so that if a mistake is made in the amount, date, or time of payment, it must not be amended, but the bill must be drawn afresh.

Foreign bills are drawn payable on Demand, at Sight, and so many days or months After Sight or After Date. Immediate advice of bills drawn should be sent by the drawer to the drawee, so that the latter may be prepared to meet them.

A Set of Bills of Exchange.

The three copies of a bill forming a set would appear as follows :—

Example of a Set of Foreign Bills of Exchange.

1.

First. SEVILLE, 1*st January*, 1901. £600.

At sixty days after date of this First of Exchange (Second and Third of the same tenor and date not being paid), Pay to the order of Messrs. Gil Perez & Co., the sum of Six hundred pounds sterling, and charge the same to account as advised by

OLANDO & CO.

To Messrs. SMITH & DAWSON,
London.

2.

Second. SEVILLE, 1*st January*, 1901. £600.

At sixty days after date of this Second of Exchange (First and Third of the same tenor and date not being paid), Pay to the order of Messrs. Gil Perez & Co., the sum of Six hundred pounds sterling, and charge the same to account as advised by

OLANDO & CO.

To Messrs. SMITH & DAWSON,
London.

3.

Third. SEVILLE, 1*st January*, 1901. £600.

At sixty days after date of this Third of Exchange (First and Second of the same tenor and date not being paid), Pay to the order of Messrs. Gil Perez & Co., the sum of Six hundred pounds sterling, and charge the same to account as advised by

OLANDO & CO.

To Messrs. SMITH & DAWSON,
London.

The Second and Third documents differ from copies, as we have already shown, and as we know of no better term to express them by, we have called them by the name used by many merchants in the foreign trade, *viz.*, "Via".

BILL BOOKS.

Merchants usually keep a book in which they enter the particulars of the bills sent them to get accepted and the names of the houses to whom they are to hand them over. This is called the Bills for Acceptance Book. Bills received as remittances are entered in another book called Bills Receivable; bills drawn on them they enter in a book called Bills Payable.

PRESENTATION FOR ACCEPTANCE.

The first thing a merchant does on receiving a bill of exchange is to present it to the Drawee for Acceptance. This should be done as soon as possible, whether the bill is received direct or by endorsement, although it is not absolutely necessary with bills drawn at so many days' date, but if the bill is drawn at so many days' sight the holder is bound to get it accepted at once, as should he omit to do so within a reasonable time he would lose his remedy against the drawer and endorser should the drawee refuse or fail to pay it when due. Besides this, by delaying to procure the acceptance of a bill payable after sight he would lose interest, as the time for its payment only begins to count from the date of its acceptance by the drawee.

The presentation of a bill for acceptance must be made during the recognised business hours; that is, before four o'clock p.m., and it is usual in London to leave a bill one day and to call for it the next. The drawee accepts the bill by writing his name across it, and usually states with what banker it will be payable. In accepting a bill payable after sight, he must add the date on which he accepts, which must be that on which the bill was left, provided of course it was put in the "Bills for Acceptance" box before four o'clock, and the clerk calling for the bill should see that this requirement is complied with. If the bill is drawn payable after date, it is not necessary to insert the date of the acceptance, as the date of its payment is fixed.

Merchants who accept bills of exchange usually make them payable at their bankers, and they are conse-

quently paid in at maturity by the holder to his bank for collection there, in the same manner as cheques.

The duty of getting bills accepted usually devolves on the junior clerk in an office, and we will now say a few words as to the process of obtaining an acceptance. When the bills are handed to him to take out he enters in a memorandum book certain particulars of the bill, such of the amount, name of drawee, and his employer's mark or number. Having done this, he leaves the bill at the drawee's counting-house, by putting it into a box which he will generally see there, marked bills for acceptance. Next day he presents himself at the drawee's counter, and calls out, "Bill left". The clerk will then ask him what amount, the mark or number, etc., and on being answered correctly, hands over the bill.

When a clerk is instructed to obtain the accepted via of a bill which is waiting for the presentation of the endorsed vin or copy, he takes the endorsed via or copy to the counting-house of the firm mentioned as holders of the accepted bill, and hands it over the counter, saying "First". The clerk presently returns it with the accepted bill, inquiring at the same time whose hands it is in. When applying for an accepted via a clerk should be careful to take both parts away with him, and see that they correspond.

Accepting a Bill.

An acceptance must be by writing on the bill signed by the acceptor, or some person duly authorised by him in his name, and an acceptance must not express an intention to pay in any way but in money.

Acceptances are divided into general and qualified.

A General Acceptance.

A general acceptance on a bill of exchange assents without qualification to the order of the drawer, and may be expressed in either of the following ways :—

Example of a General Acceptance.

Accepted.
JAMES GREEN.

Accepted.
Payable at Parr's Bank.
JAMES GREEN.

A Qualified Acceptance.

A qualified acceptance is one which, in express terms, varies the effect of the bill. An acceptance is qualified when it is conditional, as in the first and second example; an acceptance is qualified when it is partial and not for the full or the first amount drawn, as in the third and fourth examples; and acceptance is qualified when it is local, as in the fifth and sixth examples; or it may be qualified as to time, as when the bill is drawn at three months and is accepted payable in six months.

Example of a Qualified Acceptance.

1	2	3	4	5	6
Accepted. Payable when in funds. JAMES GREEN.	Accepted on condition of a six months' renewal. JAMES GREEN.	Accepted for £100 only. JAMES GREEN.	Accepted. Payable by monthly instalments of £10 each. JAMES GREEN.	Accepted. Payable at Coutts' Bank, and there only. JAMES GREEN.	Accepted. Payable at Coutts' Bank only and not elsewhere. JAMES GREEN.

Example of an Acceptance on a Bill drawn at so many days after date.

Accepted.
Payable at Lloyd's Bank.
ALFRED KING & CO.

Example of an Acceptance on a Bill drawn at so many days or months after sight.

Accepted
1st January, 1901.
Payable at Lloyd's Bank.
Due 4th April.
ALFRED KING & CO.

The effect of an acceptance is that the drawee, by his

signature, expresses himself satisfied with the contents of a bill, and thereby engages to pay it when due. A drawee should be careful not to accept two vias or parts of the same bill, as by doing so he would render himself liable to pay on both of them should they get into different hands. Having once accepted a bill of exchange, a drawee is bound to pay it when due, and it is of no use for him to afterwards allege that the bill is a forgery or that he received no value for it. In the case of forgery or fraud, however, an acceptor would not be liable to pay a bill unless it were in the hands of a *bonâ fide* holder who had given a proper consideration for it.

A drawee can accept for part of the amount of a bill should the state of his account with the drawer not allow of his accepting for the full amount.

Example of a Foreign Bill accepted.

First. SEVILLE, 1st January, 1901. £600.

At sixty days after date of this First of Exchange (second and third of same tenor and date not being paid), Pay to the order of Messrs. Gil Perez & Co. the sum of Six hundred pounds sterling, and charge the same to account as advised by

(*Signed*) OLANDO & Co.

Accepted.
Payable at Messrs. Barclay's.
(*Signed*) *Smith & Dawson.*

To Messrs. Smith & Dawson,
London.

In need, with Messrs. Knight & Co. for honour of C. D.

In need, with Messrs. Williams, Marshall & Co. for honour of O. & Co.

The acceptor of a bill is the party principally liable on

a bill, and all the other signatories by endorsement stand as his securities.

Endorsing a Bill.

Bills drawn payable to bearer can be passed on from one party to another without endorsement; but those drawn payable to order are not transferable except by endorsement. Now, one of the most essential points to be borne in mind with regard to bills of exchange is that *every endorser as well as the drawer is liable to be called upon to pay the amount should the drawer or acceptor either refuse or fail to do so* at maturity.

Endorsements are of two sorts—"to Order" and "in Blank": if "to order," the bill is payable only to the endorsee named, or to his order by endorsement; if endorsed in blank, it is payable to bearer. The holder of a bill endorsed in blank can make it specially payable to whoever he likes, by writing the necessary words above the endorser's signature, as, for instance, "Pay Thomas Green," which converts the blank endorsement into a special endorsement. This is often done by merchants and others to escape the responsibility on bills they take in execution of orders for remittances; for if a man sells a bill without putting his name to it, he is not liable should it be dishonoured, the holder's remedy being against the endorsers and drawer of the bill.

Sans Recours.

But a man may endorse a bill without incurring any liability upon it by adding to his endorsement the words, "Without recourse to me," or "Sans Recours," and this is usually done when one party endorses a bill as agent for another.

Endorsements, as we have said, are of two kinds, special and general (or blank). They are special when a bill is made payable to the order of the transferee, which order, or his endorsement, must therefore be given by him when he parts with the bill. A common form of such endorsement is this—

Pay to the order of Messrs. E. Wilson & Co.,
William Stanley.

The endorsement is called general when only the signature of the transferror is given; as

E. Wilson & Co.

for the next endorsement to the above, but the former is the safer practice, especially when bills are transmitted by post; and in foreign endorsements the place and date are likewise often stated, as well as when negotiated, and whether the value has actually been received, or has only been received in account, which also is commonly placed upon the bill by the drawer, together with a direction as to what account it is to be carried, and whether advice of its being drawn is given, or whether it is to be accepted "with or without advice".

Example of a blank Endorsement.

WILLIAM BROWN.

A bill blank endorsed becomes payable to bearer and

may pass from hand to hand without further endorsement, and the person who holds it when due for payment is entitled to the money.

If the bill were given by Brown to Jones, and Jones wishing to negotiate the bill and transfer it to William Wilkins, but so that the bill shall no longer be payable to bearer, and shall require Wilkins' signature, and yet not wishing to be liable on it himself, Jones writes over Brown's signature, "pay William Wilkins" as follows, which converts the blank endorsement into a special endorsement.

Example of a Blank Endorsement Converted into a Special Endorsement.

Pay William Wilkins.
WILLIAM BROWN.

Example of a Special Endorsement.

Pay Frank Jones.
THOMAS WILD.

or

Pay Frank Jones or Order.
THOMAS WILD.

or

Pay to the Order of
Frank Jones.
THOMAS WILD.

Here Frank Jones is specially named, and the bill will now require his signature.

Example of a Restrictive Endorsement.

Pay Frank Jones only.
THOMAS WILD.

or

Pay Frank Jones
for my account,
THOMAS WILD.

Example of an Endorsement by an Agent without Liability.

Frank Jones,
Sans recours.

Frank Jones.
Without recourse to me.

Frank Jones,
As agent for
JOHN DAVIS.

A Case of Need.

Let us take the case of the following bill which we will suppose we have taken in the course of trade. On many foreign bills, as in this case, will be seen a memorandum as shown at the foot of the bill, "in need with Messrs. A. B. & Co." This is called a Case of Need, and means that if the drawee should fail to accept, or having accepted, should fail to pay the bill, A. B. & Co. will do so for the "honour" of the drawer or the endorser of the bill who inserted this clause, as explained in case of need. The bill is drawn in Seville as shown on the other side:—

First. SEVILLE, 1*st January*, 1901. £600.

At sixty days after date of this First of Exchange (Second and Third of same tenor and date not being paid), Pay to the order of Messrs. Gil Perez & Co., the sum of Six hundred pounds sterling, and charge the same to account as advised by

OLANDO & CO.

To Messrs. SMITH & DAWSON,
London.

In need, with Messrs. Knight & Co., for honour of C. D.
In case of need, with Messrs. Williams, Marshall, & Co., for honour of O. & Co.

the back of the bill having the following endorsements upon it.

Paga-se a la orden del Señor
D. Carlos Dantas.
SEVILLA, 8 *Enero*, 1901.
GIL PEREZ & CO.

Paga-se a la orden de los Sres.
E. Latour & Co.
BARCELONA, 12 *Enero*, 1901.
CARLOS DANTAS.

Pay Messrs. Thomas White &
Co., or order.
PARIS, 21 *Janvier*, 1901.
E. LATOUR & CO.

The words in Spanish mean "pay to the order of," and the explanation of the bill with these endorsements is that Olando & Co., the drawers, in Seville, having credit or value with Smith & Dawson, in London, and desiring to pay Gil Perez & Co., in Seville, £600, they draw a bill for the amount on Smith & Dawson, and give it to Gil Perez & Co. in satisfaction of the debt. Gil Perez & Co. in their turn sell the bill to Mr. Carlos Dantas in Barcelona for its equivalent value in Spanish money, or they transfer it to him in payment

of a debt, and they therefore endorse the bill to him as shown in the first endorsement, so that he now becomes the party entitled to receive the money for it. Carlos Dantas, in the same way, passes on the bill to E. Latour & Co., in Paris, and transfers the bill by endorsing it as shown in the second endorsement. E. Latour & Co., in Paris, doubtless in exchange for value received, now transfer the bill to Thomas White & Co., in London, as shown in the third endorsement. Thomas White & Co. will now get the bill accepted and hold it till it matures. They are termed the Holders, and they and no others are the persons now entitled to receive the money, but the bill will require their signature, and, when paid, the endorsements will appear as follows:—

Paga-se a la orden del Señor
D. Carlos Dantas.
SEVILLA, 8 *Enero*, 1901.
GIL PEREZ & CO.

Paga-se a la orden de los Sres.
E. Latour & Co.
BARCELONA, 12 *Enero*, 1901.
CARLOS DANTAS.

Pay Messrs. Thomas White &
Co., or order.
PARIS, 21 *Janvier*, 1901.
E. LATOUR & CO.

THOMAS WHITE & CO.

From the foregoing illustrations it will be apparent that it is possible for a bill of exchange to travel about a great deal in various parts of the world before it reaches the hand of a final payee, or even before it is presented to the drawee for his acceptance.

But we will suppose that our bill was drawn at sixty days' sight, instead of sixty days' date. In such a case Gil Perez & Co. would have sent the *first* via to their

London correspondent to get accepted, and would have endorsed the *second* to Mr. Carlos Dantas by writing on the face of it "first accepted with ——" the name of their correspondent, as explained on page 242.

The amount of a foreign bill is usually expressed in the money of the country in which it is to be paid, but sometimes it is drawn in the money of the country of the drawer of the bill; thus, in this kingdom, mercantile bills for shipments, or for settlements of accounts, and especially those remitted from the country for negotiation or sale in London, are frequently drawn in sterling money, and then the amount which is to be paid abroad is fixed by the rate of exchange at which it is first negotiated being stated on the bill, usually in the endorsement.

The times for which bills are drawn vary, in some measure, according to the usages of different places; but more generally they are according to the purposes for which they are drawn. Bills at sight, or to be peremptorily paid on their being presented, are for reimbursement on account, commonly, of returned or dishonoured bills. Those at short sight, as three days' sight, are usually for returns for operations in bills, bullion and foreign stock. Bills at one month have no particular character; those at two months are commonly mercantile bills; and those at three months, for banking operations, which latter bills are drawn at this long period, in order to afford full time for waiting to take advantage of any rise in the rates of exchange, or for their being sent about from place to place, wherever there is a probable opportunity of making a profit.

Usance.

Bills at usance are at the customary time of drawing upon or from the given place, but very few bills are now so drawn. In this country, usance from France, Holland and Germany means thirty days' date; from Spain and Portugal sixty days' date; and from Italy three months' date.

The Maturity of a Bill of Exchange.

The maturity of a bill is at the expiration of the term for which it is drawn, plus three days called Days of Grace, except for bills payable At Sight, On Demand, or On Presentation, which are, of course, payable as soon as they are presented.

When the maturity of a bill falls on a Sunday or legal holiday, the bill must be presented for payment the day preceding; but when the maturity falls on one of the Bank Holidays, the bill is payable on the following day.

Presentation for Acceptance.

When a bill matures it must be presented to the acceptor, or (where he has named one) to his banker for payment, and the presentation for payment must be made during the usual business hours. It is the custom of merchants to pay the accepted bills which they have received into their bankers, who attend to their collection on the due dates.

The consequence of not presenting a bill for payment at maturity is that, although the acceptor still continues liable upon it, all the other parties to the bill—the

drawer and endorsers—become discharged from liability should the acceptor fail to pay.

The acceptor of a bill has the whole of the day of maturity to pay in.

When a bill is not made payable at a bank, it is not necessary that the presentation for payment be made to the acceptor personally; it is sufficient to present the bill to his clerk or to any one else who may be found at his place of business during business hours, and should the bill not be met the holder can Protest it.

If the acceptor of a bill should have become bankrupt, the bill must still be presented to him for payment at maturity.

Protesting a Bill for Non-Acceptance or Non-Payment.

A bill is "Dishonoured" by non-payment when it is duly presented for payment and payment is refused, or cannot be obtained, or when presentment is excused and the bill is overdue and unpaid, and this brings us to the formality of protesting a bill.

When a foreign bill is refused acceptance or payment by the drawee, it is necessary to have it protested; this is done by a Notary, who again presents the bill to the drawee for acceptance or payment, as the case may be, and in the event of his meeting with a refusal, he draws up a formal document called a Protest. This begins with a verbatim copy of the bill, and goes on to state at whose request it was presented for acceptance or payment, states what was the answer given, and winds up with a protest signed by the notary against the drawer and endorsers for re-exchange and charges

incurred, through the drawee's refusal to accept or pay, according as the case may be. The signature to the protest should generally be attested by the Consul of the country in which the bill was drawn, for the object of the Protest is to furnish the parties to the bill residing abroad with incontestable proof of its dishonour, thus enabling them to make arrangements for their security with those from whom they took the bill.

It very often happens that the drawee of a bill presented for acceptance will answer that he believes it to be in order, but having received no advice of it he cannot accept at present, and asks that it may be again presented a little later on; or his clerk may answer that the bill is all right, but that the drawee is out of town or is absent from ill-health; in such cases the holder will be guided according to circumstances, and often content himself with having the bill simply noted by the notary to avoid the expense of a protest, but it is his duty to immediately advise the parties from whom he received it of what has taken place.

The small charge for noting should be paid by the drawee; and should the drawee subsequently agree to pay a bill he has previously refused to accept, he must pay it plus the notarial charges incurred by his refusal to accept the first when it was presented to him; should he decline to pay the notarial charges, the holder of the bill can refuse to give it up, and can protest for non-payment of the notarial charges. Should a drawee accept for, or pay only a part of, the amount of a bill, the holder will protest for non-acceptance or non-payment of the balance.

The merchant holding a bill, acceptance of which

has been refused by the drawee, will send the protest to the party from whom he received the bill, retaining the bill itself for presentation for payment at maturity; should the bill not then be paid, he will have another protest made out for non-payment, and send it out with the bill and Re-exchange account for the amount of which he will draw on him; the bill thus drawn is called the "Re-draft".

Any holder can cause a bill to be protested for non-acceptance, but in order to have it protested for non-payment he must stand in the position of payee—that is, he must be the person entitled to receive the money.

It has before been said that the holder of a bill which has been sent to him merely to get accepted, will protest it should the drawee refuse to accept, and the holder of the endorsed bill bearing the indication that the accepted via is in the hands of such a person will have his bill protested for non-delivery of such accepted via.

Protesting for Better Security.

When a merchant holds a bill accepted by a party who fails before its maturity, he should cause his notary to present it to the acceptor as soon as he becomes aware of his failure, and demand better security for the payment than his acceptance thereon; the answer most likely will be, "No better security to offer"; the notary will then protest the bill, "For better security," and his protest will be sent out as in the case of a protest for non-acceptance to enable the sender to claim better security from the drawer.

Case of Need.

We now come to consider the words written in italics at the foot of the bill on p. 251. On many foreign bills will be seen a memorandum to the following effect: "In case of need, with A. B. for honour of C. D." (either the drawer or one of the endorsers). This is called a "Case of Need". When there are many endorsements a bill will sometimes contain two or three of these memoranda. This addition of a "Case of Need" on a bill signifies that should the Draft not be honoured either in acceptance or payment, or both, the party thus named is to be applied to for his interference for the honour of his correspondent, and for preventing his incurring those expenses which attend the return of the bill through the intervening Endorsers.

Acceptance for Honour.

When the drawee of a bill refuses to accept it, or having accepted it becomes a bankrupt, any one who chooses can accept the bill for the honour of the drawer or either of the endorsers, whether the bill bear an indication to him in case of need or not; or the drawee himself, although he may refuse to accept it as drawn, may accept a bill for honour of the drawer or either of the endorsers. The holder of a bill thus accepted for honour having sent out a protest for non-acceptance by the drawee, will, at maturity, present the bill to him for payment, and in the event of his not paying, will take out another protest for non-payment, and present the bill for payment with the protest for non-payment to the acceptor for honour.

Payment for Honour.

When a bill has been protested for non-payment, anybody may pay it for honour of either of the parties thereto, and will send his re-exchange account and draw his re-draft on the party for whose honour he interferes. In all cases the Holder of a bill has the first right of interfering for honour of any of the other parties to the bill, but as a matter of commercial etiquette and good feeling he will first present the bill to the firm indicated by the drawer as an intervener in case of need; that is, if the bill bears any such indication.

In our example on page 251, Olando & Co., the Drawers, to provide against the possibility of Smith & Dawson, the drawees, refusing to accept the bill, or after having accepted, failing to pay it (in either of which cases they fear their credit would suffer with Gil Perez & Co., or with those to whom these parties might sell the bill), indicate that Williams, Marshall, & Co., their friends in London, will accept or pay the bill in case of refusal or failure to do so on the part of the drawees. In like manner, and to provide against a like eventuality, Mr. Carlos Dantas indicates that his friends in London, Messrs. Knight & Co., will interfere for his honour if occasion should arise.

In doing this both Olando & Co. and Carlos Dantas have another motive in view besides preserving their credit, and that is saving expense. As already stated on page 262, the holder of a bill, the payment of which has been refused at maturity, will generally draw a Re-draft on the party from whom he received the bill. Now we will suppose that our bill was not paid by the

acceptors at maturity, and that it bore no such words as those written in italics; Thomas White & Co., the Holders, would then protest the bill, make out a Re-exchange Account, and draw their Re-draft on E. Latour & Co. of Paris. These in their turn would make out their Re-exchange Account and draw their Re-draft on Mr. Carlos Dantas of Barcelona; he in turn upon Messrs. Gil Perez & Co. of Seville, and they would claim the amount of Carlos Dantas' Re-draft, which, by this time, would considerably exceed the equivalent of £600 from Olando & Co., who will, in any case, have to pay the money at last; but, by Williams, Marshall & Co. paying the bill for them, they avoid all the intervening Re-exchange charges, and have to pay only those incurred in London.

But, the reader might say, if Williams, Marshall & Co. are going to pay the bill if the drawees do not, why should Carlos Dantas take the trouble to refer it to Knight & Co. in case of need? We reply that he has no assurance that Williams, Marshall & Co. will do any such thing, and as he is liable for the money to E. Latour & Co. and all subsequent endorsees, who may be a dozen or more for all he knows, and as he may not after all succeed in getting the money from either Gil Perez & Co. or Olando & Co., who are responsible to him, he has, also to save excessive re-exchange charges, referred the bill to his London friends in case of need. Cases have been known where the re-exchange charges on a bill have amounted to 30 per cent.

The mere fact of the bill being referred to Williams, Marshall & Co., or Knight & Co., in case of need, entails no obligation on them to interfere, but if they

do accept it, they are as much bound to pay the bill as if it had been drawn on them.

Should they refuse to interfere, the notary would state the fact in his protest.

Notice of dishonour should in all cases be forwarded to the party sending the bill directly it is refused acceptance or payment.

Merchants consider this sufficient when they have confidence in the solvability of the party from whom they received the bill; but if they have any doubt about the matter and wish to retain their right to claim on all the other endorsers and the drawer, they should send notice of dishonour to all of them. Each endorser will also, in turn, give similar notice to the parties liable to him.

Want of notice of dishonour would exempt them from liability.

The notice of dishonour need not be in any particular wording, but care should be taken that it is clear and precise.

The following is a very good form of notice :—

Example of a Notice of Dishonour.

"We beg to give you notice that the undernoted bill has been
"duly presented to for payment, and
"has been dishonoured, and that we shall look to you for
"payment.

"Yours, &c.,

"A. B. & CO.

"Date
"Amount
"Drawer
"Endorser."

Re-Exchange Account.

The Re-exchange Account is a document setting forth the expense of protest incurred through the bill not having been honoured, and it should be accompanied by a broker's certificate of the current exchange, as the drawer is bound to refund the money at the exchange of the maturity of the dishonoured bill.

The following example will serve as a guide to show how a Re-exchange Account should be made up.

We will suppose that the acceptors have failed to pay the bill shown on p. 251, and that Thomas White & Co., the holders, after having had it protested, have presented it through the notary to Messrs. Williams, Marshall & Co., who have paid it for honour of the drawers.

Example of a Re-Exchange Account.

Re-exchange account of a bill of £600 drawn by Olando & Co., dated Seville, 1st January, 1901, at sixty days' date, on Smith & Dawson, of London, protested for non-payment, but paid by us for honour of the drawers.

	£	s.	d.	£	s.	d.
Amount of bill - - - -				600	0	0
Cost of protest for non-payment and act of honour - - -	1	9	6			
Brokerage on re-draft - - -	0	12	0			
Stamp on ditto - - - -	0	6	0			
Postages - - - - - -	0	2	6			
Commission ½ per cent. - - -	3	0	0	5	10	0
				£605	10	0

E. & O. E.

London, *7th March*, 1901.

WILLIAMS, MARSHALL, & CO.

Here Williams, Marshall & Co., would draw a bill on Olando & Co. for the amount of the Re-exchange Account, which they send to them with the protest, the dishonoured bill, and the Broker's Certificate of Exchange.

But we will again suppose that there was no indication in case of need on the bill, and that nobody paid it for honour of the drawer or either of the endorsers in such case as before said, Thomas White & Co. would draw their Re-draft on E. Latour & Co., of Paris, to whom they would send their Re-exchange Account, of the same tenor as regards charges, but with a different heading—something of this sort :—

Another Example.

Re-exchange account of a bill of £600 drawn by Olando & Co., dated Seville, 1st January, 1901, at sixty days' date on Smith & Dawson, of London, and sent us by Messrs. E. Latour & Co., of Paris, to whom we now return it protested for non-payment.

It is not usual to allow more than one re-exchange commission on the same bill.

A Notary.

A notary is a public officer whose business it is to certify to the execution of deeds, to serve notices, and to perform acts of which formal or judicial evidence is required. His acts are respected both in this country and abroad, but when his acts are to be used abroad his signature should be attested by the Consul of the country in which they are to be used.

In the same way notarial acts made abroad and intended for use in this country should bear the attestation of the British Consul there.

A Consul.

A Consul is an officer appointed by a Government to look after the interests of its traders, seamen, or travellers abroad. All the chief trading countries have Consuls at our principal ports, and we in the same way maintain Consuls at theirs.

Stamp Duties on Bills of Exchange.

All bills of exchange must bear the stamp fixed by Act of Parliament. If a bill is not sufficiently stamped the maker or negotiator is liable to a penalty.

The following is a table of the stamp duties fixed by Act of Parliament :—

Bills payable on demand - - - - - - -	1d.
Bills otherwise than on demand under £5 - - -	1d.
Over £5 and under 10 - - -	2d.
,, 10 ,, 25 - - -	3d.
,, 25 ,, 50 - - -	6d.
,, 50 ,, 75 - - -	9d.
,, 75 ,, 100 - - -	1s.

And 1s. for every additional £100 or fraction of £100.

The penalty is that every person who issues, endorses, transfers, negotiates, presents for payment, or pays any bill of exchange or promissory note liable to duty, and not being duly stamped, shall forfeit the sum of £10, and the person who receives in payment or as security such bill or note not being duly stamped, shall not be entitled to recover thereon, or to make the same available for any purpose whatever.

From the above wording of the Stamp Act it will be seen that an imperfectly stamped bill is absolutely void

in law, but the fact of its bearing a larger stamp than required would not invalidate it, nor would any penalty attach thereto.

When bills are drawn in sets of three, one of these—usually the first—only is to bear the whole of the stamp.

With bills drawn in the United Kingdom otherwise than on demand, the stamp must be impressed.

Discounting a Bill.

It often happens that the holder or payee of a bill of exchange requires the money before it becomes due, and he therefore takes the bill to his bankers or to one of the discounting houses, to whom he endorses it, and they pay him at once the amount of the bill, less a certain charge per cent. per annum called "Discount". The discount is charged on the number of days a bill has to run, and is calculated in exactly the same way as interest, but it is of course *deducted from* the principal.

The merchant who gets a bill discounted continues, as an endorser, liable until it is paid. Very often the acceptor, having more money than he requires for immediate use, will affix a ticket to the bill, when he gives it up after acceptance, bearing an indication to the effect that he will pay it under discount at such a rate, when the holder of the bill will of course accept this offer or not as he pleases.

The charge for discounting bills of exchange varies according to the financial standing of the drawers or endorsers and the state of the money market. It is also much influenced by the bank rate of discount, fixed by

the directors of the Bank of England, who raise or lower the rate for discounting the bills of its customers as the abundance or scarcity of the floating supply of money renders it desirable; for money, like everything else dealt in, rises and falls in value according to the inflexible rules of supply and demand.

When the bank rate of discount is low, we say money is "Cheap"; when it it high we say money is "Dear".

As a rule bankers, bill discounters, and the various discounting houses will work for rather less than the official bank rate of the Bank of England.

Bill discounting, as a business, is a special trade of itself, requiring extensive knowledge of a superior kind, and the subject will be found explained under the heading of Money Market.

A TABLE OF THE NUMBER OF DAYS FROM ANY DAY IN ONE MONTH TO THE SAME IN ANY OTHER.

Months.	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
January - - -	365	31	59	90	120	151	181	212	243	273	304	334
February - - -	334	365	28	59	89	120	150	181	212	242	273	303
March - - -	306	337	365	31	61	92	122	153	184	214	245	275
April - - -	275	306	334	365	30	61	91	122	153	183	214	244
May - - -	245	276	304	335	365	31	61	92	123	153	184	214
June - - -	214	245	273	304	334	365	30	61	92	122	153	183
July - - -	184	215	243	274	304	335	365	31	62	92	123	153
August - - -	153	184	212	243	273	304	334	365	31	61	92	122
September - - -	122	153	181	212	242	273	303	334	365	30	61	91
October - - -	92	123	151	182	212	243	273	304	335	365	31	61
November - - -	61	92	120	151	181	212	242	273	304	334	365	30
December - - -	31	62	90	121	151	182	212	243	274	304	335	365

To calculate the days required, look along the *length* of this Table. Example: say from May 10th to October 15, 153 days in the Table, add five, the difference in the dates from the 10th to the 15th = 158 the number required. In case of Leap Year one more day to be added.

Telegraphic Transfers.

There is a tendency more and more apparent each year for mercantile transactions to be settled on a cash basis, and instead of settlements being made by bills of exchange, a great number of trade payments are made by cable transfers, which are variously called telegraphic transfers, telegraphic remittances, or T.T's. which avoids the uncertainties of a fluctuating discount rate, saves the cost of bill stamps, and reduces the risk of loss to a minimum.

The cable exchange ruling between America, Bombay, Calcutta, Hong-Kong, Shanghai, Yokohama, is quoted in the newspapers each day, but telegraphic remittances can be made at most of the London banks having a branch at the place where it is desired to remit, and also at Reuter's Telegraph Company, Limited, and on paying into the bank the equivalent amount to that which is to be paid to a nominee or the other side, the bank here will telegraph out to their house the amount to be paid, together with the nominee's name, who will then receive the payment.

Promissory Notes.

A promissory note is an unconditional promise in writing made by one person to another, signed by the maker, engaging to pay on demand, or at a fixed or determinable future, a certain sum of money to, or to the order of, a specified person, or to the Bearer. The person giving the promise is said to be the Maker of the note, and the words Payee, Transferror, Transferree, Endorser, Endorsee and Holder are applicable with reference to Promissory Notes the same as to Bills of Exchange.

A promissory note must be made on stamped paper before the note is drawn.

The stamp duties on a promissory note are:—

Where the amount or value of the money for which the bill is drawn or made does not exceed	£5	1d.
Exceeds £5 and does not exceed	10	2d.
,, 10 ,, ,,	25	3d.
,, 25 ,, ,,	50	6d.
,, 50 ,, ,,	75	9d.
,, 75 ,, ,,	100	1s.
For every £100 and also for every fractional part of	100	1s.

A promissory note drawn in favour of a person named without the words "or order," as, for instance,

Six months after date I promise to pay to Alfred Green Fifty Pounds.

is transferable by his endorsement, and when endorsed in blank by him, it becomes payable to bearer.

Example of a Promissory Note.

£50 0s. 0d. LONDON, 1*st January*, 1901.

On demand (or three months after date, or two months after sight), I promise to pay to Alfred Green, or order, Fifty Pounds.

FRANK JONES.

A promissory note may be made by two or more makers, and they may be liable thereon jointly or jointly and severally, according to its tenor.

Example of a Joint Promissory Note.

£50 0s. 0d. LONDON, 1*st January*, 1901.

Six months after date we promise to pay to Alfred Green, or order, Fifty Pounds.

FRANK JONES.
JAMES REED.

This is a joint promise to pay by the two parties, and not a promise to pay by each one.

Example of a Joint and Several Promissory Note.

£50 0s. 0d. LONDON, 1*st January*, 1901.

Six months after date we jointly and severally promise to pay to Alfred Green, or order, Fifty Pounds.

FRANK JONES.
JAMES REED.

This is a promise to pay by both parties together, and a promise to pay by each one separately.

Days of grace are allowed on all Promissory Notes payable after date or after sight, the same as with Bills of Exchange, and payment can only be claimed on the last day of grace; but if it is desired to avoid giving days of grace, a Promissory Note may be worded:—

Six months after date (or after sight), without grace, I promise, etc.

When a promissory note falls due on Sunday, Christmas Day, Good Friday, a public fast or thanksgiving day, the note is payable on the preceding business day.

When a note falls due on Easter Monday, Whit Monday, 1st Monday in August, 26th December, if a week day 27th December, if the 26th was a Sunday, any proclaimed bank holiday, the note is payable the succeeding business day.

Promissory Notes may be endorsed like bills of exchange, and like them when not made payable to bearer can only be negotiated after being endorsed by the payee.

Promissory notes drawn in the forms given above need not be presented in order to charge the makers, even though he gives his address under his name as—

FRANK JONES,
120 Cornhill.

or specifies a place of payment not in the body of the note as—

FRANK JONES,
Payable at the _____ Bank.

But in order to charge the endorsers the notes must be presented for payment somewhere.

The presentment of a Promissory Note for payment need not be personal, but may be made by presenting the note at the maker's place of business, or if he has none, at his abode, or if that cannot be found, to him personally anywhere. But where a place of payment is made on the note, presentment there will suffice.

Sometimes a promissory note is made, in the body of it, payable at some particular place as follows :—

Example of a Promissory Note made in the Body payable at a particular place.

£100 0s. 0d. LONDON, 1*st January*, 1901.

Three months after date I promise to pay, at the London and Westminster Bank, Pall Mall, to Alfred Green, or order, One Hundred Pounds.

FRANK JONES.

In this case the note must be presented for payment during the business hours at the bank named in order to render either the makers or endorsers liable.

A person taking a promissory note will do well to have a place of payment indicated at the foot of the note, and not in the body, especially where there is more than one maker, because the maker or makers are liable without presentation, and it is easy to present, if necessary, to charge the endorsers should there be any.

Promissory notes for less than 20s. are void at law, and the maker or negotiator of them is liable to a penalty.

I O U'S.

An acknowledgment of a debt is frequently made in an abbreviated form of I owe you, as follows :—

LONDON, 1*st January*, 1901.

To Mr. ALFRED BIRD.

I O U One Hundred Pounds.

CHARLES DANES.

An acknowledgment in this form is called an I O U, and being merely evidence of the existence of a debt, it requires no stamp. Except that it cannot be negotiated and circulated, it has all the effect of a Promissory Note payable on demand, for the debt is acknowledged to be due, and can be sued for at any time.

It is always desirable to adhere strictly to the above form, for if any words be added expressing a promise to pay the amount on a particular day, as

I O U One Hundred Pounds, which I promise to pay on the _____.

the document would then be a promissory note requiring a stamp, and it could not be given in evidence of a debt without a stamp, and further it would require to be made on stamped paper. If the name of a person to whom the debt is due does not appear on the I O U, it will *primâ facie* be taken as evidence of a debt due to the person who produces it, and to avoid difficulties the creditor's name should always be mentioned as in the form given above.

Circular Notes.

The issue of circular notes by bankers is a great convenience to those persons who intend travelling abroad, because it obviates the necessity of taking coin or notes, and it is always somewhat difficult to change cheques in foreign countries.

Circular notes are addressed to the bank's correspondents in French because that language is universally known.

Circular notes are accepted by hotel-keepers and others, and are therefore considered more useful than Letters of Credit, especially in towns where there is no foreign correspondent representing the bank issuing Letters of Credit.

The following is the usual form used by banks :—

Example of a Circular Note.

THE BLANK BANK.

No._____

Lettre de Credit Circulaire pour £10 sterling.

LONDRES, ce_____ 19

A Messieurs les Banquiers
désignés dans notre Lettre d'Indication.

MESSIEURS,

Cette lettre vous sera remise par M_____, dont vous trouverez la signature dans notre Lettre d'Indication susdite. Nous vous prions de vouloir bien lui compter sans frais quelconques la valeur de Dix Livres Sterling au cours à usance sur Londres contre sa Traite ci-jointe sur cette Banque.

Nous avons l'honneur d'être,
Messieurs,
Vos très obéissants serviteurs,

_____, Gérant.
_____, Secrétaire.

On the reverse side is :—

THE BLANK BANK,
Londres_____

£10

À sept jours de vue préfix payez à l'ordre de M_____ Dix Livres Sterling, valeur reçue.

à _____

ce _____ 19

The circular notes are accompanied by a Letter of Indication as follows :—

Example of a Letter of Indication.

Londres, ce_____ 19

MESSIEURS,

Le porteur de cette Lettre, M_____, pour lequel nous réclamons vos attentions, est muni de nos Billets de Change Circulaire pour son voyage. Nous vous prions de lui en fournir la valeur sur son double acquit au cours de change à usance sur notre place et sans déductions de frais.

Si la ville où il en touchera le montant n'a pas de Change direct sur Londres vous voudrez bien en combiner un avec la Place Cambiste la plus voisine.

Vous observerez que tout Agio sur espèces d'or ou d'argent, il tout frais extraordinaires dans le cas d'un remboursement indirect doivent être supportés par le Porteur et ne peuvent être à notre charge.

Cette lettre devant accompagner nos Billets Circulaires doit rester dans les mains de leur Porteur jusqu'à leur épuisement.

Nous avons l'honneur d'être,
Messieurs,
Vos très humble et très obéissants serviteurs,

_____, Gérant.
_____, Secrétaire.

The letter of indication must be produced when a Circular Note is presented for payment, and the holder then endorses it. The person or firm who pays the amount must see that the signature agrees with that given in the Letter of Indication.

A Letter of Credit.

A Letter of Credit is a letter written by one person to another, directing him to pay or to hold at the disposal of a third party a certain sum of money. These letters are not transferable by endorsement.

It is a very common practice for merchants to give their correspondents who are travelling what is termed a Circular Letter of Credit. These letters, while being for only one sum of money, are addressed to several merchants or bankers residing at different places abroad, as this enables the party to whom the credit is given to receive the whole of the money at any one of the cities named, or a part of it at either or all of them as may be desired. The banker making any payment against a letter of credit should endorse or write upon it the amount he has paid, and all subsequent payers will do the same until the whole amount for which the credit is issued has been disbursed.

A letter of credit, whether circular or otherwise, should state the time for which it is to remain in force, and indicate how the payer of it is to take his reimbursement; that is, whether he is to draw upon the giver of the credit, debit him in account current, or, as is very often done, take the payee's draft upon the giver of the credit, which draft is generally made to include the payee's commission.

The giver of any Letter of Credit should forward to his correspondents by post a letter of advice, giving full particulars of the credit issued, and, to provide against the chance of the letter being lost and getting into wrong hands, he should attach to the Letter of Advice the signature of the party to whom the credit has been given, to serve as a means of his identification.

Bank Letter of Credit.

A Bank Letter of Credit is somewhat similar to the Circular Notes issued by them, but instead of the payment being made against notes of certain specified sums, the amount paid is recorded on the back of the credit.

The form of a bank letter of credit would be as follows :—

Example of a Bank Letter of Credit drawn in London.

£300 (amount perforated).

No._____

London, _____ 19

Messrs. _____

Gentlemen,

This Circular Letter of Credit will be presented to you by Mr. Thomas Brown, and we request you to hold at his disposal the sum of £300, say Three Hundred Pounds, and to pay him in such sums as he may require. Please to endorse hereon any advances made to him, and to draw upon us at sight, which we hereby agree to accept. This Credit is to continue in force until the 1st July, 1901.

We remain,

Your obedient Servants,

_____, Manager.

_____, Secretary.

The reverse side of a letter of credit is as follows :—

Example of the Reverse Side of a Bank Letter of Credit.

Date.	By whom paid.	Amount paid.	Amount in figures.		
			£	s.	d.

When a Letter of Credit is issued by a bank the customer's account is debited with the amount, and the correspondent's account is credited, so that when the bills drawn against the credit are presented for payment the correspondent's account is debited with the amount in the banker's books. As there is always a demand abroad for bills drawn on London, the foreign correspondent is usually able to make a profit on the transaction by the variations in the rates of exchange.

A London bank is also required to open Credits for the travelling customers of foreign banks in the same manner as the issue of a letter of credit just described.

Example of a Letter of Credit drawn Abroad.

BUENOS AYRES,
_____ 19

THE BLANK BANK,
London.

DEAR SIRS,

We shall be obliged by your placing the sum of Five hundred pounds (£500) at the disposal of Mr. John Jones, making the whole amount, or any part of it, available to him at other places if desired. This Credit to remain in force for three months from this date.

Please debit our account with payments made under this Credit, and favour us with your accustomed early advice of same.

I am,
Your obedient Servant,
_____, Manager.

Mr. John Jones will sign (his signature).

MARGINAL CREDITS.

London is the financial centre of the world, and consequently we find that shipments of goods from one country to another are often paid for by means of bills of exchange drawn on London.

For example, a merchant in Melbourne, Australia, is an importer of goods from America, and wishes to pay the buyer, who resides in New York, and in order to do this the Australian merchant obtains from the Melbourne Bank what is known as a "Marginal Credit".

The Australian Bank informs its agent in New York that a credit has been granted in favour of the American firm, which is allowed to draw on the London branch of the Australian Bank, provided the conditions under which the credit is granted are complied with. The margin of the bill of exchange is as follows :—

Example of a Marginal Credit.

We, as agents of the _____ Bank, hereby certify that A. B. has complied with the conditions of a Credit issued by that Bank at Melbourne, No. _____, dated 1st January, 1901, so far as regards the set of exchange, of which the annexed is the first, and that the first presented bill of such set of exchange, if drawn by them in terms of the said credit before 1st July, 1901, for £500, payable ten days after sight, will be entitled to due honour by the _____ Bank, provided this Certificate as annexed to such bill be presented herewith and delivered to the said _____ Bank in acceptance thereof.

This Certificate is attached to the Bill, which is as follows :—

No._____ £500.

NEW YORK, _____, 1901.

Ten days after this sight pay this First of Exchange (second and third of the same tenor and date being unpaid), to the order of W. B. & Co., the sum of Five Hundred Pounds, as per Melbourne Branch, Credit No. _____, dated _____.

To the _____ BANK.
London.

Bank of England.

The Bank of England was the first Joint Stock Banking Association established in this country; it dates back from its inception on the 27th July, 1694, and is the foremost in stability, magnitude, and importance of all the great financial institutions in the world.

From the day of its foundation down to the present time the Bank of England has discharged a double function: it is the bank of the State, as well as one of the banks for the public. It transacts the entire banking business for the Government, receiving its revenues from the collectors all over the country, paying all outgoings, managing the public debt, issuing Exchequer and Treasury bills, and advancing money when the country's expenditure temporarily overtakes income.

The bank is the sole repository of our stock of bullion, and as the repository of the Government balance of the bullion reserve, and of the ultimate banking reserve of the country, it is invested with a certain stateliness and dignity of standing which place it *hors de concours*, and which restrain it from working as other banks do, solely with a view to dividend earning.

The Bank Price of Gold.

The law compels the Bank of England to take at a fixed price all the gold that may be offered to it. The bank price of gold is £3 17s. 9d. per ounce of standard gold, and all persons are entitled to demand from the Issue Department Bank of England Notes in exchange for gold bullion at the rate of £3 17s. 9d. per ounce of standard gold, the person tendering the same to be at the expense of melting and assaying it.

The Mint Price of Gold.

The holder of gold bullion is not bound to go to the Bank of England, the coinage of gold being gratuitous in this country, and he may, if he so pleases, deliver it, if of sufficient amount, direct to the Master of the Mint, who will in due time return it in the shape of sovereigns at the rate of 1,869 sovereigns for every 480 ounces metal of standard fineness, which is equal to the price of £3 17s. 10½d. per ounce. This is known as the Mint Price of gold, and is 1½d. per ounce higher than the bank price, which, as we have stated, is fixed at £3 17s. 9d. per ounce standard.

Bank Notes.

There are two forms of bank notes in circulation—Notes issued by the Banks of England and Ireland, and Notes issued by the other various English, Scotch, and Irish banks.

The Notes of the Banks of England and Ireland are a legal tender in their respective countries, but their issue is limited by Acts of Parliament, and the holder is entitled to demand coin for them on presentation to the bank which issued them.

The notes of the other various English, Scotch, and Irish banks are not a legal tender, but form a useful circulating medium in the country.

Bank of England Notes.

The Bank of England note was made a legal tender in England and Wales in 1833, and it may be legally tendered in payment of all sums above £5 everywhere except at the bank itself—that is to say, the Bank of England cannot compel its *creditors* to take its own notes, but gold can be demanded there.

Bank Return.

This is an account of the amount of Bank of England notes issued by the Issue Department of the Bank of England, and of the gold coin, the gold and silver bullion, the securities, capital stock, deposits, etc., belonging to the Governors and Company in the banking department of the Bank of England. This account is laid before the Directors at their weekly meeting on Thursday morning, and is afterwards made public.

The following is a copy of the bank return :—

Example of the Bank Return.

BANK OF ENGLAND.

An Account pursuant to the Acts 7th and 8th Vict., cap. 32, for the Week ending on Wednesday, 1st August, 1888.

ISSUE DEPARTMENT.

	£		£
Notes issued - -	35,502,860	Government Department - - -	11,015,100
		Other Securities -	5,184,900
		Gold Coin and Bullion	19,302,860
		Silver Bullion - -	—
	35,502,860		35,502,860

BANKING DEPARTMENT.

	£		£
Proprietors' Capital -	14,553,000	Government Securities	16,717,828
Rest - - - -	3,357,157	Other Securities -	18,688,429
Public Deposits * -	3,567,463	Notes - - - -	10,261,920
Other Deposits - -	25,285,906	Gold and Silver Coin -	1,300,165
Seven-Day and other Bills - - -	204,816		
	46,968,342		46,968,342

* Including Exchequer, Savings Banks, Commissioners of National Debt, and Dividend Accounts.

F. May, *Chief Cashier.*

Dated *2nd August*, 1888.

As will be noticed the items are arranged under two headings—the Issue Department and the Banking Department, the former giving particulars of the circulation, and the latter of the gross liabilities and assets of the bank at date.

The details in the Bank Return are always interesting to men of business, and in critical times its appearance is awaited with anxious impatience, as the information it contains will either allay or aggravate apprehension of danger. The vital figures in the bank return are the reserve, which means the total amount of notes and coin, or the cash in hand held by the banking department, for on the maintenance of a sufficient store of actual cash to satisfy the claims of depositors depends the very existence of the bank, as the whole of the deposits are practically debts payable in gold on demand, the bank must either fulfil its obligations to repay when called upon or close its doors.

The Ratio spoken of by business men means the ratio, or the proportion, of reserve to liabilities.

Bank Rate.

The bank rate, or the Bank of England minimum rate of discount, is theoretically the lowest rate at which the bank will discount approved Bills of Exchange or make advances on mercantile securities for short periods, but since 1878 the bank has adopted the practice of discounting for regular customers (those who keep their regular banking accounts there) at market rates, in order to place them on as favourable a footing as the customers of other banks.

When trade is active rates will advance, as every one is anxious to profit by rising prices ; money is in demand, there will be more banking operations, and we

get a large number of applications for loans of capital either to extend or to meet the business passing.

When trade is depressed rates will fall away, for the demand for loans or capital will be small.

Banking operations, and indeed the dealings in the Money Market generally, are governed by the Bank of England Rate of Discount.

The Bank of England has a large paid-up capital and has large deposits on private and Government account, and holding as it does the cash reserve of the country, it assumes the responsibility of fixing the price for the loans of capital. One important reason why the Bank of England occupies this unique position is that all the banks in this country keep their reserves at that institution, and therefore any considerable demand for capital is soon reflected in the amount of deposits held there.

All our transactions are based upon gold, and although we use cheques, bills and notes for transferring capital from one person to another, yet the transactions are all based upon the understanding that if necessary gold shall liquidate the debt.

Our foreign trade is carried on upon the same basis. Bills of exchange are used for settling international trade, and yet it often happens that gold is finally required to settle the transaction.

The Bank of England holds a very large stock of gold, and therefore the movements of the metal to and from that institution are watched with considerable interest by the mercantile world, and when any depletion takes place, by raising the bank rate of interest capital can be attracted to this country, because gold will always find its way to the most profitable market.

Changes in the bank rate depend, roughly speaking, on the proportion which the reserve of notes and coin in the Banking Department bears to the total amount of deposits, and when the reserve falls to a point at which it is deemed advisable to adopt protective measures the rate is raised ; when, on the other hand, the necessity for protecting the reserve no longer exists, the bank finds its discount business falling off, because competitors can outbid it, then the rate is lowered again. The proportion which the reserve should at any time bear to deposit, liabilities—the point at which safety ends and danger begins—is determined not by any hard and fast rule, but by the circumstance of the moment, and by contingencies within the knowledge of the directors, who are at all times in possession of a mass of information that never reaches the public.

When the discounting houses cannot obtain all their requirements from the money market or the banks, they have recourse to the Bank of England, where loans are only made for certain stated periods. The bank thus knows when capital is getting scarce in the market by the applications that are made, and consequently raises the bank rate if necessary, in order to protect the gold reserve from flowing away.

From the foregoing it will be seen that the total amount of capital held by the bank is the guiding force or pivot which directs the money value of gold as interest on loans, and thus the official rate of interest fixed by the directors of the Bank of England at their weekly meeting is taken by other banking institutions as a guide for the rates charged by them.

Money Market.

The Money Market is a term covering the whole of the dealings in money, the discounting of bills of exchange, the rates of interest charged on loans, and the transactions in money dealings generally. A full knowledge of the Money Market and the influences which affect it cannot be learnt from books, but we offer the following explanations as showing the importance of the subject.

When trade is active money gets scarce—there are more banking operations, more bills are created, and more money is wanted for business; when trade is stagnant less money is wanted, fewer bills are issued, and the supply of money will be large.

It is somewhat difficult for a beginner to understand the causes of fluctuations in the value of money; that is, the interest that can be obtained upon it; but the most important point to remember is the price to be paid, for a loan of capital necessarily varies with the supply and demand, the same as it does with everything dealt in; but capital is also subject to a great number of fluctuations, partly due to the state of credit.

In this country a large number of commercial transactions are based upon credit; that is, a merchant sells goods and receives in exchange a bill payable at some fixed period. Through the medium of banks he is able to get this bill discounted, provided the acceptor is well known to the banker and the merchant's credit is good.

When, however, there is a feeling of distrust in the market, it is somewhat difficult to get any but the very best bills discounted, and naturally the rate of interest rises according to the demand for accommodation.

There is more risk attached to the transaction, and consequently a lender expects to receive a higher rate of interest for the business than when his risk is smaller.

Again, when trade is active rates will advance, as every one is anxious to profit by rising prices, money is in demand, and we get a large number of applications for loans of capital either to extend or to meet the business passing. The reverse takes place when trade is depressed, for the demand for the loan of capital is small, and competition among lenders will cause rates to fall, as each will be anxious to get a share of what is offering.

The demand for capital is therefore largely dependent upon the activity of trade, and the supply of capital is dependent upon the rate of interest which can be obtained for the loan of it, for with a high rate every one is anxious to lend. The supply of capital is also affected by the savings of the people, and with a large accumulation of capital the rate of interest always tends to fall.

The general loan fund of the country is held by the banks, and is made up of customers' deposits on which low interest is paid, and on customers' balances, on which as a rule no interest is paid.

Now all this borrowed capital, with the exception of the varying proportion reserved to meet withdrawals, has to be made use of somehow, and it must necessarily be laid out in securities that are realisable without difficulty or loss, and of all such securities first-class bills of exchange are indisputably the best. They are self-convertible, turning into cash automatically and at par.

After bills of exchange, the next best outlet is to be

found in advances for short fixed periods on good security, and in these two directions—bills and loans—a banker generally employs the bulk of his customers' money.

The borrowers of money are the merchants and manufacturers of the country, and the extent of their requirements varies with and is dependent upon the state of trade, for as the settlement of business transactions (especially with foreign countries) is usually effected by means of bills of exchange, it follows that the greater the volume of trade the greater will be the number of bills to which it gives rise, and the greater will be the quantity of them tendered for discount.

Next to the supply and demand the chief influence that governs the value of money on the market is the rise and fall of the official minimum inasmuch as bankers regulate their allowance on deposits, raising or lowering it with the bank rate, and as we have already shown, a good part of their supply comes from money on deposit.

The Market Rate of Discount.

The Discount Rate in the Open Market is determined to a great extent by the deposit rate, or the price at which Banks and Discount Houses and Dealers can borrow, and the Deposit Rate is more or less dependent on the bank rate, as depositors look to the official rate as a standard of value. If the Bank Rate be 3½ per cent., depositors expect to get 2 per cent., and if they could not obtain it at one bank they would try another. Consequently the advertised Deposit Rate rises and falls with the advertised Bank Rate. But the price that a

banker pays for the money he borrows will necessarily affect the price at which he lends it, and if the deposit rate be 2 per cent., his discount rate will usually be as far above 2 per cent. as he can venture to go without driving his customers into the hands of his competitors.

Bill Brokers.

Besides the dealings in bills made by banks, a very large business is done by middlemen, called Bill Brokers, and the various large Discount Houses.

A bill broker's business is to buy bills from merchants and others and to resell them to the banks. Some of the best trade bills pass through their hands, and as their turnover is usually on an enormous scale, a very small difference between his buying and selling prices is sufficient to remunerate him.

A banker lends money "at Call" to the bill brokers, who pay a small interest on the loan and deposit a collateral security, undertaking to repay the amount at a moment's notice. This call money the bill brokers employ in the discounting of bills, making their profits between the rate at which they borrow and the rate at which they discount.

Discount Houses.

Outside the Bank of England and the private banks, we have a group of persons, called Bill Brokers, who are willing to discount bills at a lower rate than the Central Institution. They are enabled to do this by receiving money on deposit, and the rates allowed for such deposits are arranged at a meeting previously held at one of the Discount Houses. When this rate has been

decided, each discount house settles for itself what rate they will quote for bills, and sometimes the competition for business among them is very keen, so that the difference between the rates they allow on deposits and their discount rates is only $\frac{1}{32}$ per cent. or even less.

The Banks lend their daily surplus balances to the Discount Houses and Brokers, and this tends to increase the competition for bills, because there must not be, if possible, any surplus capital lying idle. When the discount houses cannot obtain all their requirements from the banks, they have recourse to the Bank of England, where loans are only made for certain stated periods. Thus the bank knows when capital is getting scarce by the applications which are made to it, and consequently the bank raises the bank rate if necessary in order to protect the gold reserve from flowing away.

CHAPTER XIII.

Rates of Exchange.

The rate of exchange is the current value of the money of one country when exchanged into the money of another country. Thus, when we say in London that the rate of exchange on Lisbon is $35\frac{1}{4}$, we mean that the Portuguese milreis is worth thirty-five pence farthing when exchanged into English money. Similarly, when we say the exchange on Paris is 25.20, we mean that twenty-five francs twenty centimes are worth £1 of English money, according to the present value of exchange.

The rates of exchange between any two places are constantly varying, but it is only one of the values that varies. Thus in Portuguese exchange operations, it is always the English pence that varies, and not the Portuguese milreis. With the French exchange the English money never varies, but the French francs and centimes, as the exchange is always computed at so many francs and centimes per £1 sterling, and similarly with other countries.

Course of Exchange.

The rates of exchange at which bills have been negotiated, and the ruling rates between London and most foreign places are fixed on 'Change every Tuesday and Thursday, and they may be ascertained from the lists which the various bill brokers publish. These lists are called a course of exchange.

Example of a Course of Exchange.

COURSE of EXCHANGE, &c., of 6th November, 1900.

BILLS.			
Amsterdam & Rotterdam	3/m	12.35	12.44
Ditto	short	12.14	12.16
Dutch Bankplaces	3/m	12.33	12.41
Antwerp & Brussels	3/m	25.38¾	25.43¾
Ditto	cheque	25.13	25.18
Belgian Bankplaces	3/m	25.40	25.45
Paris	,,	25.30	25.35
Ditto	cheque	25.08¾	25.13¾
French Bankplaces	3/m	25.31¼	25.36¼
Hamburg	,,	20.68	20.72
Ditto	cheque	20.45	20.49
German Bankplaces	3/m	20.69	20.73
Vienna	,,	24.37½	24.42½
Austrian Bankplaces	,,	24.38¾	24.43¾
St. Petersburg	,,	24 13/16	24 15/16
Russian Bankplaces	,,	24¾	24¾
Swiss	,,	25.50	25.55
Italian	,,	26.85	26.95
Spanish	,,	35⅝	35¾
Lisbon & Oporto	,,	37 1/16	37 3/16
Copenhagen	,,	18.50	18.54
Stockholm & Christiana	,,	18.52	18.56
New York	60 d/d	49	

BANK NOTES, &c.	
Dutch	12.13
Belgian	25.17
French	25.13
German	20.48
Austrian	24.10
Russian	24⅞
Italian	26.60
Skandinavian	18.28
American Coupons	49½
BULLION, &c., &c.	
Bar Silver, per oz. Standard	29 11/16
Bar Gold ,, ,,	77/10
French Gold Coin, per oz.	76/5
German ,, ,, ,,	76/5
U. S. Eagles ,, ,,	76/5
Russian Imperials ,, ,,	76 3/8
RATES OF DISCOUNT, &c.	
Bank Rate	4%
Market Rate for Banker's Acceptances	
,, ,, 1 to 3 m	3 11/16
,, ,, 3 ,, 4 ,,	3 9/16
,, ,, 4 ,, 6 ,,	3 7/8
Money at call	2
,, 14 days	2½
,, 1 month	3

How Exchanges are Made.

England ships her manufactured goods largely to other countries, and imports in return foreign produce of as great or of a greater value. Trade has reached such huge dimensions that it would be impossible to settle these transactions by means of gold, specie, or bullion, as there is not enough gold in the world, and if there were the expense and risk of continually sending gold backwards and forwards would be a great obstacle to its use for making the payment of each debt due between one country and another. Therefore, as a convenient circulating medium for trade Bills of Exchange were invented, and they now form the current medium of exchange between one country and another. We have already explained the nature of and the principal laws governing these documents, and we will now endeavour to show how, by their means, the debts of mercantile transactions are settled between any two countries without gold being shipped for each payment.

A Direct Exchange.

As an example, let us take the case of England and Portugal. We will suppose that Smith, an English merchant here, has shipped goods to Pinto, of Oporto, to the value of £500, and that about the same time, Jones, another English merchant, has bought wine, of Millo, of Oporto, of the same value. Smith wants to get paid for his goods, and he has the choice of three ways of getting his money—he can tell Pinto to send him gold, which, as we said before, would entail great expense; he can draw a bill on Pinto; or he may tell Pinto to remit him a bill on London. In the usual

course of things he would draw a bill on Pinto, and we will assume that he does so. Smith having drawn his bill on Pinto, will take it to a bill broker, who, if he approves of the bill, will pay Smith the amount at once, at the current rate of exchange, less a brokerage for the accommodation.

Now Jones wants to pay Millo for his wine, and he also has the choice of three ways of doing so—he can either send gold, or tell Millo to draw a bill on him, or remit to Millo a bill on Oporto; he decides to remit a bill. He therefore buys Smith's bill on Pinto through a bill broker on 'Change, paying English money for it at the current rate of exchange, besides a small charge for brokerage. Jones sends this bill to Millo, who presents it to Pinto, and he pays Millo the amount in Portuguese coin.

Thus it will be seen that Smith gets paid for his goods on this side, and Millo for his wine on the other side, without any gold passing between the two countries.

Balance of Trade.

The balance of trade is the difference in the money value between the exports and imports of a country, and this, too, will cause variations in the rates of exchange. Now, if England sent regularly a certain value in goods to Portugal, and received in return produce of an equal value from there, the rate of exchange between the two countries would fluctuate very little, if at all. But the contrary happens, as the shipments from either country are spread unequally over the whole year, so that at one time our shipments to Portugal will exceed the value of our imports from

there, and at another time our imports from Portugal will exceed the value of our exports there. It is clear, therefore, that in the first position, where our shipments to Portugal exceed in value our imports from there, we shall have a surplus of bills on Portugal to dispose of, as they will owe us more money than we owe them, and the market value of these bills would fall, owing to the supply being greater than the demand. And in the other position, where the value of our imports from Portugal exceeds the value of our exports there, the supply of bills on Portugal would not be equal to the demand for them, and they would consequently rise in value, as bills of exchange, like cotton, sugar, and everything else dealt in, rise and fall in value according to supply and demand.

Gold Shipments.

But however great the demand for bills may be, they will never rise in value beyond specie point, the price at which gold can be bought and shipped; so it often happens that when the balance of trade with any country is very much against us, we have to ship gold, and similarly, when the balance of trade is very much in our favour, gold comes in.

When an exporter wishes to make a shipment of gold to a foreign country he usually goes to the Bank of England and buys bar gold or specie, but while the latter always commands a premium, bar gold is less liable to loss from friction, and is more convenient for export than coins. Bar gold, therefore, forms an international currency, travelling backwards and forwards as a sort of make-weight to balance the difference of international trade.

How the Price of Silver Affects the Rates of Exchange.

How the price of silver affects the rates of exchange between one country and another is, to some persons, a problem quite bewildering in its perplexity, yet the subject is not a difficult one to grasp when once its underlying principles are understood and remembered. As a purely imaginative case, therefore, let us suppose that the market price of silver is 2s. per ounce, and that a silver rupee weighs one ounce, thus making it worth exactly 2s. for the silver it contains, while, for exchange purposes with England, ten of them are reckoned to £1. If silver rises in the market to 2s. 1d. per ounce, our rupee, weight for weight, must be worth the same amount, and ten of them, for their weight value of silver, will fetch £1 0s. 10d. That is, while the rupee, as a coin at home, would only be worth, or would only have a purchasing power of 2s., its weight value as silver would be worth 2s. 1d. in the market, and to prevent our buying rupees for 2s. each, and selling them as silver for 2s. 1d., the exchange value of the rupee between India and England must be raised, until it shall not be profitable for us to buy as a coin and sell as silver, otherwise it would be a most profitable business for us to buy a large quantity of rupees for 2s. each, and after melting them down, sell the silver in the market at 2s. 1d. per ounce. Again, if silver fell to 1s. 11d. per ounce, there would be an inducement for coiners to buy silver and coin it into rupees of full weight, which have a purchasing power of 2s. each, and these in turn could be exchanged for gold, which would soon deplete the coinage of the country.

Of course, it must be understood that our illustration is purely an imaginative one, but it is admirably adapted for showing *how* the price of silver necessarily affects the rates of exchange, which must rise or fall proportionately to the intrinsic value, weight for weight, or price for price, of the coins to be exchanged between one country and another.

How to Calculate Exchanges.

Owing to the continuous fluctuations of the exchanges, it becomes a matter of calculation with a merchant in London wishing to place money in any foreign city, whether it will pay him best to buy bills here to remit abroad, to ship bullion or specie there, or to direct his correspondent abroad to draw on him. Similarly, when he wishes to get money over from abroad, he will calculate whether he will draw, or ask his correspondent to remit, or to send specie, and in making these calculations there are other elements to be taken into consideration beyond the actual rates of exchange—such as the differences of the rates of interest on money and the brokerage, freight, packing and insurance on specie.

Taking an imaginary case, let us suppose that in London the sight exchange on Paris is 25.25 fr., and that in Paris the sight exchange on London is 25.30 fr. It will be clear that for a London merchant to place money in Paris, it will be better for Paris to draw bills on London than for London to remit bills on Paris, for while the Paris house gets 25·30 fr. for every £1 it draws, the London merchant would have to give £1 for every 25·25 fr. on Paris. Similarly, if it is required to bring money over from Paris to London, it will pay better for the London merchant to draw bills on Paris,

for he will get £1 for every 25·25 fr. he draws, whereas if Paris were to remit bills on London, the Paris house would have to pay 25.30 fr. for every £1 sterling.

When it is desired to calculate between operations at any term not at sight, we must bring both values to the short or cash value. For instance, suppose that in London the three months' exchange on Paris is 25·50 fr., and that in Paris the three months' exchange on London is 25·05 fr., and we wish to place £1,000 in Paris. Will it pay us best to remit, or to tell our Paris correspondent to draw on us, the rate of interest in both places being 4 per cent.?

Example.

In London £1,000 remitted at 25·50 will produce in Paris	fr.25,500 00
To turn it into its cash value, deduct three months' interest, or rather discount at 4 per cent. per annum -	255 00
Net proceeds of £1,000 remitted to Paris -	fr.25,245 00
In Paris a £1,000 bill drawn on London and sold in Paris at 25·05 will give - - - - - - - -	fr.25,050 00
And as the bill drawn on us is not due for three months we must add three months' interest at 4 per cent. per annum - - - - - - - - - - - - =	250 50
Net proceeds of £1,000 drawn in Paris -	fr.25,300 50
By deducting the proceeds of the £1,000 remitted to Paris,	25,245 00
it will be seen that it will pay us better by - - - for our Paris correspondent to draw on us.	fr. 55 50

In calculating the best way of placing money in Paris, or any other continental city, a merchant will also consider whether it will be to his advantage to effect the operation through the medium of some other country, as, for instance, by buying a bill on Hamburg or any

other place, and directing his correspondent there to invest the proceeds in the purchase of a bill on Paris, as explained in Arbitrations of Exchange.

Every exchange calculation in reality resolves itself into a rule of three sum, and a moment's consideration will show the reader how to work out direct exchanges, but we illustrate one or two examples below.

STERLING INTO FRANCS.

To exchange £560 into Francs at exchange 25·50 per £1.
£1 : fr.25·50 : : £560.

FRANCS INTO STERLING.

To exchange fr.12,500 into Sterling at exchange 25·05 per £1.
fr.25·05 : £1 : : fr. 12,500.

STERLING INTO MILREIS.

To exchange £560 into Milreis at exchange 52½d. per Milreis.
52½d. : reis 1,000 : : £560.

REIS INTO STERLING.

To exchange reis 475,000 into Sterling at exchange 53d. per milreis.
reis 1,000 : 53d. : : reis. 475,000.
(1,000 reis = 1 milreis.)

ARBITRATIONS OF EXCHANGE.

(*a*) Bills of Exchange.
(*b*) Bullion.
(*c*) Coins.
(*d*) Merchandise.
(*e*) Weights and measures.

Arbitrations of exchange are calculations to determine the rates of exchange produced by Indirect Bills of Exchange, Bullion, Coins, or Merchandise, purchased in one country and sold in another. They are Simple or

Compound, according as they are based on one or several Cross Exchanges.

These arbitrated rates are often called Pars of Exchange.

The object of finding Arbitrated Rates of Exchange being explained, it is necessary here to mention that although coins, bullion and merchandise will be brought into the general definition, they are generally excluded from consideration when use is made of the term Arbitrations of Exchange.

General Rule.

Make an equation or statement of the given rates in the form of a continued proportion in the following order:—

Place the fixed term of the rate of the place making the operation as the term of demand (indicated by ?): then when the fixed term of the required par is in the money of the place where the bills, etc., are *bought*, the *buying price* at that place is to be the *first rate* of the equation, and the *selling price* at the other place is to be the *second rate* of the equation; but when the fixed term of the required par is in the money of the place where the bills, etc., are to be *sold*, make the *selling price* the *first rate* and the *buying price* the *second rate* of the equation.

In both cases, such extra rates are to be introduced or added as are necessary either to connect the terms of the rates, or to reduce the results to such quantities as the answer may require; and the whole is then to be worked by the Chain Rule or "Rule of Equations".

Thus, as £1 or 240d. is the fixed term of the rate between London and Paris, Amsterdam, Hamburg,

Vienna, etc., in arbitrations between London and these places, this sum of money must be made the term of demand; then the Sterling money in the buying rate must be made the first term of the 1st equation, and its value the second term: that term of the selling rate which is like the last term must then be made the first term of the 2nd equation, and its value in the money of the other place concerned must be made the last term; but as the fixed term of the rate between London and Lisbon, Naples, Madrid, etc., is in the money of those places, the fixed price is made the term of demand; the first rate of the equation is then the selling price, and the second rate (unless any intermediate connecting term is required) is the buying price.

(*a*) Arbitrations of Bills of Exchange.

Example.

To find what par of exchange is established between London and Paris, by bills on Madrid bought in London at 49½d. per dollar, and sold in Paris at 5 frs. 17 cents per dollar.

Statement - - - -	240d. = £1 ?	
Buying Price - - -	49½ =	1 Dollar
Selling Price - - -	1 =	5·17 Frs.

5·17 × 240 = 1240·80.

1240·80 ÷ 495 = Frs. 25, 06½ Cts.

Hence bills on Madrid bought in London at 49½d. per dollar and sold in Paris at 5·17 frs. will produce frs. 25,06½ cents for £1 sterling.

The routine of the calculation for drawing as well as for remitting is the same for the one purpose as for the other, as may be seen from the working of the following example.

Let the exchange of Paris on Madrid be frs. 5·30 per peso duro (5 pesetas), and on London frs. 25.30 per £ sterling. It is required to find the arbitrated rate per peso duro for bills drawn in London upon Madrid, and remitted to Paris for sale.

1 Peso Duro ?
1 = 5·30 Francs.
25·30 = 240 Pence.
Arbitrated rate, 50¼d.

The extra charges attendant upon these indirect operations, as well as the interest upon the bills in return, are not taken into account in the above example.

(*b*) Arbitration of Bullion.

Example.

To find the par of exchange established by the purchase of gold in London, at 77s. 9d. per ounce standard fineness, or 11-12ths fine, and the sale of it in Paris at the rate of 4½ per mille premium upon the fixed price, of fr. 3,437·77 cents. per kilogramme which is reckoned equal to 15,434 grs. troy.

Statement

		20	s. ?
77¾	=	1	oz. st.
12	=	11	oz. fine.
1	=	480	grs. troy,
15434	=	1	kilogramme.
1	=	3437·77	francs.
1·000	=	1·004½	with premium.

$$\frac{3437{\cdot}77 \times 40 \times 220 \times 1{\cdot}004\frac{1}{2}}{77\frac{3}{4} \times 15434} = \text{francs. 25 33 cts.}$$

Bullion, or gold and silver in bars or ingots, may be considered as the chief regulator of exchanges ; for when the arbitrated rate produced from the prices in this and any other country, differs from the rate of exchange for bills between the same, by an amount exceeding the charges of purchase, transport, and sales, bullion immediately begins to flow into that country in which it yields the best comparative price.

Gold, as being the easier of transport, is the more commonly thus employed ; though when taken to places where there are no facilities for its mintage, gold in coin is always preferred. Owing to this circumstance, and to the necessity, from our monetary regulations, of our having a large supply of gold in this country, some of our public journals periodically state the arbitrated pars between London and Paris, as well as Berlin, Hamburg, Amsterdam, and other commercial centres, and compare them with the prices of bills at short sight, such bills being considered as present cash, as are the prices of bullion. Respecting these statements, it may be mentioned that it is incorrect to employ, as is done, the old French tariff rate (known as the "commercial tariff") of gold, which was in use before the year 1835, because in all large operations, as well as in most of the minor ones, the new tariff, or that established in that year, is now almost exclusively used. Nor should the selling price in London be taken at the mint rate for coinage, or 77s. 10½d., instead of the long established and uniform bank buying rate of 77s. 9d. per ounce, because the former is a price which gold now never fetches in the bullion market. These deviations from the ordinary practice, unfortunately, greatly deteriorate the value of these statements.

Calculations of this nature are made from fixed numbers, such as those given in the bullion tables in the *Modern Cambist*, but as the fixed numbers for the rates of gold for Paris and Hamburg may be useful for the purpose of checking the statements alluded to, we here give them :—

Fixed Numbers for Gold in operations with Paris.

At the old tariff, of francs 3434·44 per kilogramme.

Bank rate, 77s. 9d. per oz.	- -	F. N. 25·186
Mint rate, 77s. 10½d. ,,	- -	,, 25·146

At the present tariff, of francs 3437·77 per kilogramme.

Bank rate, 77s. 9d. per oz.	- -	F. N. 25.210
Mint rate, 77s. 10½d. ,,	- -	,, 25·170

Whichever of these fixed numbers is used, if the rate of premium is applied, the Arbitrated Rate is at once obtained.

Fixed Numbers for Gold in operations with Hamburg, under the old Monetary System.

In marks banco, per Hamburg mark weight.

Bank rate, 77s. 9d. per oz.	- -	F. N. 3137
Mint rate, 77s. 10½d. ,,	- -	,, 3132

For the sake of showing the application of these fixed numbers, we here give the following calculation : Supposing the price of bar gold in Hamburg to have been 434 marks banco per Hamburg mark of fine gold, and in London 77s. 9d. per ounce standard, and the rate of short bills in Hamburg to draw for the amount, 13 mks. $9\frac{3}{4}$ sch. banco per £ sterling.

M. B.				M. B.		M. B.	Sch.
4·34	×	3·137	=	13·614	=	13	$9\frac{8}{16}$
Bills		13 $9\frac{3}{4}$	=	13·609			

On 13·609 the Diff. 0·005 nearly equals 0·04 per cent.

This shows that at the time of such an operation gold was dearer, by this rate per cent., in Hamburg than in London ; whereas, if the mint price were taken, gold would have been about 0·12 per cent. dearer in London.

(*c*) Arbitrations of Coins.

In the valuation of gold coins of other countries it is usual to rate them at 77s. 10½d. per ounce standard, this being the British mintage selling rate (the buying rate being 77s. 9d.) ; and in the valuation of silver coins to rate them at 60d. per ounce standard, as being the full average value of standard silver.

Spanish doubloons and dollars are commonly valued by weight as articles of merchandise.

Example.

To find the par of exchange established by French gold coin in comparison with British standard gold at 77s. 10½d. per ounce, the full standard weight of the 20-franc piece or Napoleon being $97\frac{3}{4}$ grains troy.

Statement 20s. ?

$77\frac{7}{8}$ = 480 grs. troy.

$97\frac{3}{4}$ = 20 francs.

$$\frac{20 \times 480 \times 20}{77\frac{7}{8} \times 97\frac{3}{4}} = \frac{20 \times 3840 \times 80}{623 \times 391} = \frac{6144000}{243593}$$

= Frs. 25 22 cts.

In consequence of the fractions it is requisite to multiply both sides of the equation by 8 and by 4 ; therefore, instead of $77\frac{7}{8}$ = 480 grains troy, we must say 623s. = 3840 grains troy, and instead of $97\frac{3}{4}$ grains troy = 20 fr., we must say 391 grains troy = 80 fr.

In the calculations of this section, the weight of the different coins in troy grains is deduced from the mintage

full rates of the various countries; but these can hardly be said to afford any correct data for forming pars of exchange, further than for the purpose of general information, because several of these coins are not worked fully up to their standards, and because gold being the standard of value in this country, and not in some continental states, where it bears a variable agio or premium, this agio would be required to be taken into consideration, and then the valuation of the gold coin would become, at least as far as regards one of the places, properly only a valuation of bullion.

Silver is the general money of payment abroad; here it is so but to a very limited amount; and in consequence of the high relative value which our mintage regulations have given to it, as against gold, no mintage pars of exchange can, with any near approach to truth, be formed from a comparison between the British and any foreign silver coins. For example, from the mintage rates of the French and English silver coins, the par would be 23 francs 44 centimes sterling, while from gold, without the agio, the par is 25 francs 22 centimes per pound sterling.

This disagreement arises from the different relative values of the two metals in the two countries. In France, and it is elsewhere nearly the same, 1 portion of fine gold is rated equal to 15½ like portions of fine silver, or the mintage relative values of silver to gold, are as 1 to 15½, while in England, they are as 1 to 14·287; an arrangement by which we are certain to keep our silver coin in the country, since it has no value, approximate to its English current value, in any other country, and therefore gold coin, which, as the standard of value, should be kept here as the medium

of payment, is employed to restore the equilibrium of exchanges, which necessarily occasions, by the conflict of these antagonist principles, a great liability to serious disturbance in our monetary system.

(*d*) Arbitrations of Merchandise.

Case 1.

When the whole cost and the net proceeds are given.

Example.

To find the course of exchange established between London and Paris, from the purchase of Bullion in London, and sale of it in Paris, the cost and charges amounting to £27,416 10s., and the net proceeds yielding frs. 702,467·60.

	£	s.		Frs.	Cts.		£		
As	27,416	10	:	702,467	60	::	1	:	Ans.

Frs.
27,416) 702,467

Ans.—Frs. 25 62¼ Cts.

Case 2.

When the prices, weight and percentage charges are given.

Obs.—1. The percentage of the charges on the cost price is to be added to 100, and the same on the selling price is to be subtracted from 100; and in applying these, the former amount is to be on the same side of the equation as the buying price, and the latter remainder is to be on that side which contains the selling price.

Obs. 2.—When there is a percentage discount on either the buying or the selling prices, it is to be taken from

100, and the remainder is to be applied to the same side of the equation as that which contains the price on which the discount is allowed.

Example.

To find the rate of exchange established between London and Hamburg from coffee bought in London at 61s. per cwt., and sold in Hamburg at 75 pfennige per lb.; supposing that 112 lb. English render 102 lb. Hamburg, that the export charges in this country amount to 3 per cent., and the charges of the sale in Hamburg amount to 10 per cent.

In arbitrations of merchandise the relations of the weights are generally not made from the exact absolute standard weights of the two places concerned, but from the average net weights of the particular goods.

Statement 20 s. ?
61 = 112 lb.
103 = 100 with Shipping Charges.
112 = 102 lb. Hamburg.
1 = 75 Pfennige.
100 = 90 with Hamburg Charges.

$$\frac{90 \times 75 \times 102 \times 20}{103 \times 61} = 2{,}191 \text{ Pf.} = \text{Imp. Mks. } 21\ 91 \text{ Pf.}$$

(*e*) Arbitrations of Weights and Measures.

Arbitrations of weights and measures are calculations for determining the relations between the weights and measures of two countries, from their mutual relations to those of another country.

Rule.—Make the weight, etc., for which the equivalent is required the term of demand; make that rate the first rate of the equation which contains a similar

weight, etc.; and make that rate the second rate of the equation which contains the weight, etc., that is similar to the equivalent quantity required.

N.B.—It is sometimes necessary to introduce other terms to reduce the rates, as in the following example.

Example 1.

To find the weight in Hamburg lb. which is equivalent to 1 cwt. English; the Hamburg lb. being reckoned equal to 10,080 Dutch asen, and the Dutch mark of 5,120 asen being reckoned equal to 3,798 grs. troy, of which 7,000 grains are equal to 1 lb. avoirdupois.

Statement 112 Avoird. ?
1 = 7,000 Grs. Troy.
3,798 = 5,120 Asen.
10,080 = 1 lb. Hamburg.

$$\frac{112 \times 7{,}000 \times 5{,}120}{10{,}080 \times 3{,}798} = \frac{401{,}408{,}000}{3{,}828{,}384} = 104\tfrac{85}{100} \text{lb. Hamburg.}$$

Example 2.

To find the weight of the Vienna mark in ounce troy the estimated weight of 1,000 marks being 280,644 French grammes, and 1,000 grammes being equal to 15,434 grains troy.

Statement 1 Vienna Mark ?
1,000 = 280,644 Grammes.
1,000 = 15,434 Grs. Troy.
480 = 1 Oz.

$$\frac{280{,}644 \times 15{,}434}{480{,}000{,}000} = 9\tfrac{238}{10000} \text{ Oz. Troy.}$$

Example 3.

To find the contents in imperial gallons of the Hamburg ahm, which is reckoned to contain 7,300 French cubic inches (old measure), 100,000 French cubic inches

being reckoned 121,057 English cubic inches, and 277·274 English cubic inches being the measure of an Imperial gallon.

Statement

		1 Ahm ?
1	=	7,300 F. C. Inches.
100,000	=	121,057 E. C. Inches.
277·274	=	1 Imp. Gall.

$$\frac{121{,}057 \times 7{,}300}{27{,}727{,}400} = 31\tfrac{87}{100} \text{ Imperial Gall.}$$

Example 4.

To find the length in English inches of the Prussian foot, 100 feet being reckoned equal to 13,913 old Paris lines of 144 to a foot; 1,000,000 Paris feet being reckoned equal to 324,839 metres, and 1,000 metres being equal to 39,371 English inches.

Statement

		1 Fuss (Prussian foot) ?
100	=	13,913 Paris Lines.
144	=	1 Paris Foot.
1,000,000	=	324,839 Metres.
1,000	=	39,371 Eng. Inches.

$$\frac{39{,}371 \times 324{,}839 \times 13{,}913}{14{,}400{,}000{,}000{,}000} = 12\tfrac{356}{1000} \text{ Eng. Inches.}$$

The Metric System.

We had intended to have given in this place a series of tables of the weights and measures, both of the old and new denominations and values, but finding that our space is too limited for the purpose, we have printed only a few tables illustrative of the French metrical system, which is now adopted in Austria, Belgium, Denmark, Greece, Germany, Italy, Netherlands, Norway, Portugal, Spain, Sweden, and Switzerland, and which has swept away the heterogeneous medley of systems formerly existing on the Continent.

(1) Measures of Length.

			English Value. Inches.
1 Millimetre	= 1000th of	1 Metre	= 0·03937079
1 Centimetre	= 100th of	1 Metre	= 0·3937079
1 Decimetre	= 10th of	1 Metre	= 3·937079

One Metre (the Unit of Measure) is
39·37079 inches = 1 yd. 0 ft. 3·37079 inch.

1 Decametre	= 10 Metres	=	10	2	9·7079	,,
1 Hectometre	= 100 Metres	=	109	1	1·079	,,
1 Kilometre	= 1000 Metres	=	1093	1	10·79	,,

One Myriametre = 10,000 Metres, or
6 miles 376 yds. 0 ft. and 11·9 inches.

(2) Measures of Capacity.

			Cubic Inches.
1 Millilitre	= 1000th of	1 Litre	= ·061027
1 Centilitre	= 100th of	1 Litre	= 0·61027
1 Decilitre	= 10th of	1 Litre	= 6·1027
One Litre, or Cubic Decimetre (the Unit of Capacity)			= 61·027

or 1·7607 Imperial Pints.

			Cubic Feet.
1 Decalitre	= 10 Litres	=	0·3531
or 2·2009 Imperial Gallons.			
1 Hectolitre	= 100 Litres	=	3·5316
or 22·019 Imperial Gallons.			
1 Kilolitre	= 1,000 Litres	=	35·3165
or 220·09 Imperial Gallons.			
One Myrialitre	= 10,000 Litres	=	353·1658
or 2200·9 Imperial Gallons.			

N.B.—The Millilitre is the Cubic Centimètre.
The Litre is the Cubic Decimètre.
The Kilolitre is the Cubic Mètre.

(3) Measures of Surface.

			Square Feet.
1 Centiare or Square Metre	= 100th of 1 Are	=	10·76429
One Are (the Unit of Surface)		=	1076·429
1 Hectare	= 100 Ares	=	107642·9

or 2·47114 Square Acres, *i.e.*, nearly 2½ Acres.

(4) WEIGHTS.

		Grains Troy.
1 Milligramme	= 1000th of 1 Gramme =	·0154323
1 Centigramme	= 100th of 1 Gramme =	·154323
1 Decigramme	= 10th of 1 Gramme =	1·54323
One Gramme (the Unit of Weight) is		15·4323
1 Decagramme	= 10 Grammes =	154·323
1 Hectogramme	= 100 Grammes =	1543·23
	or 3 oz. 8·438 drs. avoirdupois.	
1 Kilogramme	= 1,000 Grammes =	15432·3
	or 2 lb. 3 oz. 4·38 drs. avoirdupois.	
One Myriagramme	= 10,000 Grammes =	154323·
	or 22 lb. 0 oz. 11·8 drams avoirdupois.	

N.B.—The parts of the mètre, the litre, and the gramme are distinguished by prefixes taken from the Latin—*deci*, *centi*, and *milli*. The multiples of the mètre, the litre, and the gramme, preceding in decimal progression, have prefixes derived from the Greek—*deca*, *hecto*, *kilo*, and *myria*. The Are has its parts and multiples similarly distinguished.

CHAPTER XIV.

PERCENTAGES OF RATES OF EXCHANGE.

PERCENTAGES of rates of exchange are the parts of the rate of exchange that are equivalent to given rates per cent.

CASE 1.

When the rate and the percentage are given, to find the part of the rate.

Rule.—Multiply the rate of exchange by the given rate per cent., and divide by 100.

Example 1.

To find the amount of $1\frac{3}{4}$ per cent. upon the rate of exchange on Paris at frs. 25 45 cts. per £ sterling.

Cts. 25·45	for 1 %.
12·72	,, ½ ,,
6·36	,, ¼ ,,
Cts. 44·53	or 44½ Cts.

N.B.—In London quotations of Paris, Amsterdam, Genoa, and Leghorn rates, the number of francs, florins, and lire in the rates is the number of cents., etc., that are equal to 1 per cent.

Example 2.

To find the amount of $1\frac{3}{4}$ per cent. in the old Hamburg rate of M. B. 13 14 Sch., and in the new German rate of M. 20 80 Pf. per £ sterling.

Mks. Bo. 13 14 Sch.		Mks. 20 80 Pf.	
16			
Sch Bo. 2·22	1 %	Phen. 20·8	1 %
1·11	½ ,,	10·4	½ ,,
·55	¼ ,,	5·2	¼ ,,
Sch. 3·88	or 3¾ Sch.	Phen. 36·4	or 36½ Pf.

Example 3.

To find the amount of $1\frac{1}{2}$ per cent. on the rates of exchange of $54\frac{1}{2}$ per milreis on Lisbon, and 49 per dollar on Madrid.

54½d.	49d.
4	4
2·18	1·96
1·09	·98
3·27 farthings or $\frac{13}{16}$d.	2·94 or 3 farthings nearly.

N.B.—In the Madrid, Lisbon, Gibraltar, and Venice rates, $\frac{1}{2}$d. sterling is usually reckoned as 1 per cent.

Interest calculations on rates of exchange are made in the same manner when the time is in months or a fraction of a year. For example, at 4 per cent. per annum, nine months' interest is 3 per cent., six months' is 2 per cent., three months' is 1 per cent., two months' is $\frac{2}{3}$ per cent., six weeks' is $\frac{1}{2}$ per cent., one month's is $\frac{1}{3}$ per cent.

At 5 per cent. per annum nine months' interest is $3\frac{3}{4}$ per cent., six months' is $2\frac{1}{2}$ per cent., three months' is $1\frac{1}{4}$ per cent., two months' is $\frac{5}{6}$ per cent., and one month's is $\frac{5}{12}$ per cent.

For days it is usual to multiply the rate by the number of days (360 days being reckoned a year), and divide the product by 7200 for 5 per cent., by 9000 for 4 per cent., and by 12,000 for 3 per cent., or to take parts for the number of days out of these divisors.

Example 4.

To find the net rate of exchange of London on Paris, or the short price* of a bill drawn on Paris at 25·65 that has three months to run, and of another at 25·40 that has twelve days to run at 5 per cent.

$\frac{1}{30}$ - -	25·65 Rate.	$\frac{1}{360}$ - -	25·40 Rate.
	32 Int.		$4\frac{1}{4}$ Int.
Frs.	25·33 Net.	Frs.	$25{\cdot}35\frac{3}{4}$ Net.

12 out of 7200 is the $\frac{1}{360}$ part.

* The short prices of bills of exchange are the prices of bills at sight, or at three days' sight, and they are generally nearly equivalent to the prices of bills at other periods of payment after allowing for the interest.

CASE 2.

When the whole rate and a part are given, to find the percentage.

Rule.—By proportion, say, as the whole rate is to its part, so is 100 to the rate per cent.

Example 1.

Find the percentage of 33 centimes in the rate on Paris of frs. 25 70 cts.

As 25·70 : 0·33 :: 100 : Ans.

2570) 3300

Product $1\frac{29}{100}$ per cent.

In general the product may be obtained by inspection to any degree of nicety required for purposes of business; thus, reckoning in the above rate that 26 cents. is 1 per ct., the remaining 7 cents. give an additional $\frac{1}{4}$ per ct., making the product $1\frac{1}{4}$ per ct.

Example 2.

To find the percentage produced by $\frac{3}{4}$d. in the Lisbon rate of $54\frac{3}{4}$d.

As 219 far. : 3 far. :: 100 : Ans.

300 ÷ 219 = 1·37 or nearly $1\frac{3}{8}$ per cent.

It is very common, as said before, to reckon one halfpenny in the rate of exchange between London and Lisbon as 1 per cent., but it may be more correctly taken as being equal to 9-10ths per cent.

In making the corrections for interest upon the rates of exchange, 4 per cent. per annum has been generally taken for both the places concerned, as rendering the calculations more easy of performance, and as being sufficient to show their principles and the objects for which they are made.

In practice, however, it is usual to take the current rates for the discount of bills at the places on which they are drawn, as it is these which chiefly influence the difference between the rates of bills at short and long dates.

The difference of time is not generally the sole cause of the difference in the rates; for the price of the one or the other class of bills is also influenced by the greater or less demand for them. When banking operations are extensive, when bills are in demand for sale in other places than those on which they are drawn, or when they are wanted for holding, from an expected approaching rise in the rates, three months' bills command a better relative price. On the contrary, when political events occasion an apprehension as to the security of payment, no bills, except short time ones, are saleable, and these upon disadvantageous terms.

An instance of this may be shown from the Paris quotation of bills on London, in which the rate for thirty days, at a set date, is given at 25·50, and that at ninety days at 25·42½, making a difference of 7½ centimes for sixty days, or 45 centimes for one year,* being 1·76, or nearly 2 per cent. per annum, for the rate of discount in London. So also, at a like date, the rate in London upon Paris was, for bills at three days' sight, 25·55, and for bills of three months' date, 25·72½, giving a difference of 17½ centimes for three months, or 70 centimes for one year, and being 2·74, or nearly 3 per cent., for the rate of discount in Paris.

* The difference in these rates does not exactly show the rate of discount, because the negotiating difference is not less than 2½ centimes, except in particular instances.

Interest on Bills of Exchange.

The following observations respecting interest will be of service :—

(1) Bills at sight, or the short cash prices of bills, are dearer than bills at three months, because upon the latter there is a loss of the interest for the time they have to run.

(2) The interest on the London price is subtracted; for this rate on Paris being in foreign money, the lower the number of francs is that are given in London for £1 sterling, the dearer the bills are.

(3) The interest on the Paris price is added; for in Paris the rate is in the money of the country, and therefore the greater the price is that is given in Paris for £1 sterling, the dearer the bills are.

(4) The same principles apply to London rates in sterling; but they appear to operate the reverse way; thus, in the rate of London on Madrid the interest is added, and in the rate of Madrid on London it is subtracted.

To show that the reversing in the additions and subtractions, which takes place when rates are in sterling instead of being in foreign money, is correct, we shall make out a statement for the following example :—

If by sending goods to Cadiz I establish a net arbitrated rate of 35¼d., what is the rate per cent. of my gain if I have bills in return at three months at 37¾d., after adding nine months' interest at 4 per cent. to the arbitrated rate?

According to the data it may be supposed that 35,250 pence were laid out in this country in the purchase of goods, which have been sold in Cadiz for a sum, after

paying all expenses there, equivalent to 1,000 pesos of plate; that nine months elapse before return bills are obtained at three months' date; and that these bills are then discounted at 4 per cent. per annum.

		Pence.
Amount of Cost and Charges - - - - - - - -		35,250
Interest for nine months - - - - - - -		1,057
Cost and Interest - - - - - - - - - -		36,307
Return Bills for 1,000 Pesos at $37\frac{3}{4}$d. - - - -	Pence. 37,750	
Discount for three months - - - - - -	377	
		37,373
Profit, 2·93, or nearly 3 per cent. on Cost and Interest - -		1,066

The rates here being in sterling, the interest is additive to the arbitrated rate, while the discount is subtractive from the return rate, which is the reverse of what takes place when the rates are in foreign money.

It further requires to be remarked, that there is a similar reversal of the rates upon which the profit is to be estimated; for when the rates are in *foreign* money the *return* rate is used, but when they are in *sterling* the *arbitrated* rate is employed; in either case, however, the discount upon the former or the interest upon the latter should be previously applied.

CHAPTER XV.

ARBITRATED PRICES.

ARBITRATED prices are rates or prices produced by bullion or merchandise from the cost or selling price in one of the two places concerned, together with the arbitrated weights or measures, and the charges, allowances, and rate of exchange; an arbitrated *cost price* being the price at which the article should be bought to admit of its being sold without loss at the given selling price; and an arbitrated *selling price* that at which it should be sold to cover the cost and charges.

EXAMPLE.

To find the arbitrated selling price in imperial marks per lb. in Hamburg, produced by the purchase of indigo in London at 5s. per lb., calculating that the export charges are 3 per cent., that 100 lb. English yield $92\frac{1}{2}$ lb. Hamburg, that the freight and sale charges are 5 per cent., and that the course of exchange is mks. 20 50 pf.

Statement 1 lb. Hamburg?

$92\frac{1}{2}$ = 100 lb. English.
1 = 5 s. Sterl.
20 = 20 Mks. 50 Pf.
100 = 103 with export charges.
95 = 100 less Hamb. charges.

$$\frac{103 \times 20{\cdot}50 \times 5 \times 10}{185 \times 95} = \text{Mks. } 6\ 00{\cdot}7 \text{ Pf., or } 6 \text{ Mks.}$$

OBS.—The London charges here increase the cost price, and therefore the 100 with these charges are placed on the side of the equation containing this price.

The equation then reaches to the net selling price at Hamburg, where, from the charges being estimated at 5 per cent. on the full price, 100 full price yields 95 net price. Therefore, as we want to find the full price, we reverse this analogy, and make 95 net equal to 100 less charges.

In the application of the percentage rates, as terms of the equation, it is considered that the shipping or export charges are rated on the cost price, and that the sale or import charges are rated on the selling price.

For these and for discounts on each price the equational terms then are as follows :—

(1) To find a Sale Price :—

100 = 100 + Export Charges
100 – Import Charges = 100
100 = 100 – Discount on Cost
100 – Discount on Sale = 100.

(2) To find a Cost Price :—

100 + Export Charges = 100
100 = 100 – Import Charges
100 – Discount on Cost = 100
100 = 100 – Discount on Sale.

The objects of these calculations may be more clearly understood if we state that in finding an arbitrated cost price it is to be the highest price at which the article should be bought ; or, in finding a selling price, the lowest price at which it should be sold, either to prevent any loss upon the transaction or to realise any proposed profit.

In calculations of this kind there are generally two classes of Charges to be taken into account : the one comprises the percentage charges, as commission, insurance, etc., which are dependent upon the amount of merchandise, and the other the fixed charges, as duty,

freight, etc., which attach to the article without regard to its value.

Houses of business having frequent occasion for calculations of this nature generally make up tables of fixed numbers, from which, by applying either the rate of exchange or the given price, the required price can be obtained with little calculation. Percentage charges chiefly depend upon agreement ; charges for insurance and freight can frequently be but little more than surmised ; and the rate of exchange, particularly with some places, is rarely so steady as to be depended upon at the time when the order is executed as at the time when quoted or when the calculation was made. Hence limits are generally attached to the order upon these different points.

CHAPTER XVI.

THE COMPARISON OF DIRECT AND ARBITRATED RATES OF BILLS OF EXCHANGE.

ARBITRATED Pars, or Indirect Rates of Bills of Exchange, are compared with the direct rates for the purpose of determining the most advantageous method of either making remittances or disposing of drafts and obtaining returns.

For the making of remittances, as from London to Paris, this purpose is to find whether the purchase of bills on other places and the sale of them in Paris will, after defraying the extra expenses, produce a greater amount of French money than would be obtained by the remittance of direct bills on that place.

For either reimbursement or obtaining remittances

or returns, as with the same places, whether it is better for London to draw upon Paris, or for Paris to remit to London, and whether such remittances should be in direct or indirect paper.

The terms better and worse as applied to rates of exchange are convertible according to their application, and they must not be confounded with those of higher and lower prices. Thus 25 francs 50 centimes per £ sterling give a *better* rate for drawing, and a *worse* rate for remitting, than 25 francs 70 centimes, the former being the *dearer*, and therefore the better rate for *selling*, than the latter, which is the *cheaper* and therefore the better rate for *buying*.

For disposing of drafts, whether such paper would sell for a better price elsewhere than in the place making the operation, taking also into consideration the means of reimbursement, by either counter-drafts or return remittances.

These are the general purposes of arbitrating the rates and making these comparisons, but they can be carried much farther, as operations in bills of exchange are capable of being rendered very complicated and circuitous by extending them through several places.

In making the calculations for either drawing or remitting, as the purchase and sale of bills are for immediate payment, while direct remittances are in cash only when due, in order to make the comparisons upon a footing of equality in point of time (unless bills at short sight are used, which is seldom the case), the direct bills require to be discounted, at the rate of interest in the place on which they are drawn. In like manner, also, when any indirect bills are for longer or shorter periods than those for which the selling rates are made,

adjustments of interest or discount are required to be applied, in order to bring them to the level of those prices.

All operations of Bills of Exchange, unless they are direct Drafts for direct remittances, are attended with the charge for brokerage, which is commonly $\frac{1}{10}$ per cent. or 1 per mil. Hence the purchase of either direct or indirect remittances has one brokerage; the sale of indirect bills, a second brokerage; the purchase of either sort of returns, a third brokerage; and the sale of indirect returns, a fourth brokerage.

There is also a charge for Commission to be taken into calculation, unless the operation is upon the joint-account of the parties concerned in it, and between whom the profit or the loss is to be divided. The rate of this charge is the subject of agreement, and is necessarily dependent upon the trouble and responsibility incurred by the guarantee which is given by the endorsements at each step of the operation. In the following examples and exercises this charge is, with one exception, taken at $\frac{1}{3}$ per cent.

It cannot be too often impressed upon the attention of English inquirers into the nature of exchanges, that a rise or fall in the price of rates of exchange expressed in foreign money is directly the reverse of what it may appear to be, and of what it is generally described to be. The true principle is, that the *greater* the quantity of foreign money which is given for the pound sterling, the *lower* the rate of exchange becomes; for, to use a familiar illustration, every one would say that the price of oranges had fallen, when it had varied from twelve for a shilling to sixteen for a shilling, although in speaking, for example, of the exchange on France, it is commonly

said, when the rate has varied from fr. 25·20 to fr. 25·40, per £ sterling, that the later is the *higher* instead of its being the *lower* of the two prices; it is, as with the oranges, the francs which are bought and sold, and not the shilling or the pound sterling. It is clear that at 24 francs per £, the value of each franc would be 10d.; at fr. 25·25, 9½d.; at fr. 27·4, 8¾d.; and at fr. 30 it would be only 8d.

When the rates are not in foreign money an increase in the quantity of the rate is, then, an increase in the price; as 37½d. per *peso duro*, or hard dollar, is a higher price than 37d. for bills on Madrid; but with rates in foreign moneys, the prices are inversely as the quantities of those moneys; and thus we find, in bargaining, that a party will say, I will not take them at 25·70, but I will give 25·75 for them—the latter being a less price than the one demanded.

Banking Operations.

The direct object of any bill of exchange is to obtain the payment of a sum of money due to the drawer of it, by his transferring his claim, through the instrumentality of the bill, to another party from whom he receives the value either in money, or in credit, or account; and the transferment is thus continued, through the various possessors of the bill, until it comes into the hands of a party finally claiming payment. Many bills are, however, drawn merely for the purpose of taking advantage of the state of foreign exchanges, while, on the other hand, purchases of foreign bills are continually being made, with the intention of either holding them and taking the chance of a rise in the rates of exchange, or

remitting them abroad to create a fund which the purchaser may draw against, or out of which he may have returns.

Speculations of this nature constitute what are termed Banking Operations, and by some great houses they are constantly being carried on through a variety of places. The balance of trade as being for or against a particular country, in relation to some other country, has a considerable influence upon its exchanges, but (as with the clearances of the London bankers) the mutual relations between several countries serve to keep in check any material elevation or depression, and it is by the circulation of bills, sometimes aided though at other times disturbed, by operations in bullion and foreign stocks, that a comparative steadiness is attained which is conducive to the common advantage.

To ascertain in what manner such operations in bills of exchange can best be conducted is the object of the calculations of arbitrations of exchanges. The numerical result is, however, not the only thing to be attended to in practice. Bills which may yield a good price for sale may be capable of being taken to only a very limited extent, and in like manner for return bills, those which are the cheapest for purchase may notwithstanding be only in limited supply. The abundance of certain bills is mostly to be found in particular places, and it has been well observed by a sagacious practical Cambist that there is a sort of geographical influence upon the rates of exchange, and that the nearer bills in their transit approach the places on which they are drawn the better prices they commonly produce. Hence bills upon St. Petersburg generally meet with a better sale in Amsterdam or Hamburg than they do in Paris or London;

while bills on Leghorn or Genoa yield higher rates of exchange in Marseilles than in Paris, and in Paris than in Hamburg, and therefore it can be owing only to some accidental circumstance that any advantage can attend the sending of bills out of their due course of travel.

The state of the Money Market has also its influence. Where money is abundant, and the rate of interest is consequently low, every opportunity for investment is eagerly sought for, and bills of exchange come in for a full share of high prices, if for no other purpose than merely that of holding; for as their due-date approaches their value increases, by the amount of the interest, or nearly so, for the running time, and at the rates of the places on which they are drawn. At certain periods of seasons bills on particular places are more in request than at other times, and this is often a cause of advance in value, which those concerned in their negotiation have to take into account.

Another cause which operates at all times upon the rates of exchange which can be obtained for bills is the security, or, in other words, the respectability of the names upon them. Bills drawn or accepted by first-rate houses command a first-rate price. Original bills, or those which are sold by the drawers of the bills, can obtain such prices only when coming from houses of the highest standing; and, indeed, in the sale of such bills, but of another class, not only do they get an inferior rate of exchange, but the payment for them, instead of being made on the following post day, is sometimes delayed until inquiries have been made, while, on the other hand, the sellers of bills not unfrequently require payment for them upon delivery.

Bills of exchange drawn upon or payable in this

country, otherwise than at sight, have, it is well known, three days of grace, or are not due until the end of that time beyond the period for which they are drawn. Bills thus coming due on a Sunday, or Christmas Day, or Good Friday, are reckoned due the day before. Those falling due on Easter Monday, Whit Monday, the first Monday in August (Bank Holiday), and the 26th December (or Boxing Day), are payable on the following day. France, Germany, the Netherlands, Spain, etc., give no days of grace.

There is another point respecting the rates of exchange which requires to be noticed. The tenor of most of the bills upon places with which London has opened an exchange is three months; and when only a few days have elapsed between the time of their being drawn and that of their negotiation, it rarely makes any difference in their rates. Otherwise, when the bills have been running for a longer time, and their value has thus become increased, they either command a better rate of exchange or the three months' rates are taken, and interest is charged for the time which has run, at an agreed percentage per annum. (When there are several bills so situated, instead of taking the interest on each, it is very common to find an average time for which the interest is taken on the whole, and this is sometimes calculated to the nicety of half a day.) Abroad it is most common to charge in this latter manner for any time which has elapsed, and it must therefore be attended to in the checking of foreign exchange accounts, because the amounts charged for remittances to this country frequently exceed the amounts of the bills at their specified rates of exchange, by a sum which is equal to the amount of the interest upon them, from the days on

which they were drawn to the day on which they were remitted.

The number of the places with which exchange business is conducted is necessarily limited to those with which great or frequent intercourse is maintained; and several, even of these, being excluded from anything more than occasional transactions, quotations of rates upon them are generally only nominal. In the bill transactions with other places either some intermediate exchange places are employed, or drafts and remittances come from only one of the two places concerned. For example, of the places given in the London Course of Exchange, there are rarely ever any bills negotiated upon either Berlin or Rio de Janeiro; bills upon St. Petersburg are also but seldom found in the market, drafts upon Russian houses of business being commonly made upon their correspondents in Hamburg or Amsterdam, or sometimes Paris, with whom credits have been opened for this purpose. So, also, though there is scarcely any place to which European commerce extends where bills upon London cannot be found, yet the reverse is the case with only, comparatively, a very few places, and the rest draw upon and remit to London, instead of London taking the initiative in the bills.

In the operations of exchanges, as short bills are never used, except occasionally for returns, both direct bills and bills of a different tenor to that quoted for the selling price require to be corrected, and the rates of interest in the various places concerned must therefore be known. In those courses of exchange which have different rates for different times for bills such difference of price will serve to show nearly the rate of interest in the place drawn upon, although, as before observed,

there is usually a shade of difference in favour of short bills. Thus in the London rates of bills on Paris there being at times, between the rate for three days' sight and that for three months' date, a difference of 20 centimes, say, for three months, or 80 centimes for a year, this difference gives rather more than 3 per cent. per annum for the rate of interest in Paris. In the like manner the difference in Paris for bills on London being taken at $7\frac{1}{2}$ centimes for sixty days, or 45 centimes for a year, will make the London rate of interest below 2 per cent. per annum. In the same way the rates for other places may be found, but certainly with no great degree of precision.

The rate charged for commission for the negotiation of bills is commonly the subject of agreement, but it varies also according to the nature of the transaction. Some houses increase their rates of commission, according to the number of their signatures or endorsements. Thus in the sale of indirect bills remitted from London to a correspondent in Paris for returns, as the bills so remitted would have been made specially payable to him he would have to endorse them, and as he would also have to endorse the return bills it would not be an uncommon thing for him to charge a double, or at least an increased rate of commission for his double responsibility. Foreign bankers in such cases often charge 1 per cent. The profit upon exchange operations is, however, usually so small, especially between the principal exchange places of Europe, where from the rapidity of communication every trifling advantage can be quickly seized, that unless the rate of Commission is very low no such agency can be employed. The transactions are in consequence generally carried on upon

joint-account, and these operations so much influence the market that commission business can be transacted only by a very limited number of houses of such high character as to command a better selling price for bills having their endorsements. When, however, the endorsements are *sans garantir* (without guarantee), the trouble being small and there being no risk, there may be little or no Commission charged.

Brokerage is usually double; that is, paid by both the seller and the buyer of the bills. It is sometimes objected to by the former when selling at a low price, or more often by the latter when buying at a higher price than he would otherwise give; and it is sometimes avoided when the course of exchange is unfavourable by returns being made by drafts of the correspondent. In the principal places of Europe the rate is 1-10th per cent.; but it is sometimes 1-4th per cent., and even higher, when it is for the negotiation of bills having an unusually long time to run.

These are the general points which seem to require any notice on bill transactions. Particular regulations are dependent upon the customs of various places and upon the stringent laws which all states have established in order to give confidence in the due performance of the obligations contained in these great agents of commercial settlements. Various legal writers of eminence have employed their talents in classifying and expounding the numerous decisions upon these matters in our courts of law; but the best work on the subject is, *A Practical Treatise of the Law of Bills of Exchange, Promissory Notes, Bank Notes, and Cheques*, by the Right Hon. Sir John Bernard Byles; fourteenth edition, 1887, published by Effingham Wilson & Co., Royal Exchange, London.

Many houses of business have some peculiarities in their modes of arrangement of the forms in which the statements of arbitrated pars of exchange are made out. Instead of making separate statements for the direct rates, some introduce them into the general statement, and apply, as it may be said, mentally the brokerages and commission. The prices of bills at short sight are also frequently taken into account, for the purpose of trying whether they would be more advantageous than those at the usual tenor of bills employed in exchange operations. It is by some the practice to give the arbitrated rates of exchange produced from the prices of bullion, and the range of investigation is, in some instances, further extended by adding the same for transactions in the public bonds and stocks of other countries. The omission of these particulars may be considered a defect; but in a work of this nature it could not properly be expected that every possible variation should be exhibited, or every possible desire for information anticipated. The formula of some of our principal houses of quiet exchange business, both under the old and new monetary systems of the Continent, has been followed as the best guide that could be selected; and it is trusted that, from the explanations of the general principles given in this and the preceding sections, no difficulty will be found which a student of ordinary intelligence will not be able to overcome in a short space of time.

Arbitrated Rates of Exchange.

We now give several Course of Exchange Lists and an explanation of the moneys of the present monetary systems, with the Arbitrated Pars for Paris, Amsterdam, and Hamburg. These exchange prices vary of course

from day to day, and are here given as average or definite prices, simply to guide the reader in his operations.

LONDON EXCHANGE.

France	Short and 3 mos.	25·25 Fr. and Cts.
Netherlands	,,	12 3 Fl. and Stiv.
Belgium	,,	25·30 Fr. and Cts.
Italy (Gold)	Short and 3 mos.	25·40 Lire and Cent.
Italy (Paper)	3 mos.	28·10 ,, ,,
Germany	,,	20 55 Imp. Mks. and Pf.
Austria	,,	11 75 Fl. and Neu-Kr.
Spain	,,	48d. ₱ Hard Dollar.
Portugal	,,	52d. ₱ Milreis.
Russia	,,	30d. ₱ Rouble.
New York	Sight.	48d. ₱ Dollar.
Hong Kong	,,	46d. ₱ Dollar.
Shanghai	,,	62d. ₱ Tael.
East Indies	,,	20d. ₱ Rupee.
Rio de Janiero	,,	26d. ₱ Milreis (Brazilian).

The first five rates are for £1 sterling. Hamburg, Frankfort, and Berlin are included in Germany; Rome, Genoa, Naples, etc., in Italy; Amsterdam and Rotterdam in the Netherlands; Brussels and Antwerp in Belgium; Vienna and Trieste in Austria. We have preferred giving the names of countries.

Example 1.

REMITTANCES TO PARIS.

The rates of three months' bills in Paris being considered as follows, and those in London of the same tenor, being as in the preceding course, it is required to find whether any indirect bills will be better adapted for remittances to Paris than direct paper, and whether, for returns, London should draw upon Paris, or Paris remit

to London in either direct or indirect bills, the charges being one brokerage on each operation, with a commission of $\frac{1}{8}$ per cent., and the rate of interest in London being 2 per cent., and in Paris 3 per cent. per annum.

PARIS EXCHANGE.

		Fr. c.	
London	Short and 3 mos.	25 20	per £1 Sterling.
Belgium	,,	99 50	,, 100 Francs.
Italy	,,	89 50	,, 100 Lire (paper).
Netherlands	3 mos.	211 50	,, 100 Florins.
Germany	,,	122 50	,, 100 Mks.
Austria	,,	210	,, 100 Florins.
Spain	,,	505	,, 100 Pesos.
Portugal	,,	550	,, 100 Milreis.
Russia	,,	312	,, 100 Roubles.

EQUATIONS FOR ARBITRATED PARS WITH PARIS.

Belgium.

1 £?
1 - - 25 30 Fr. and C.
100 - - 99 50 ,,
Result, 25 17¼.

Italy.

1 £?
1 - - 28 10 Lire and Ct.
100 - - 89 50 Fr. and C.
Result, 25 15.

Netherlands.

1 £?
1 - - 12 3 Fl. and St.
100 - - 211 50 Fr. and C.
Result, 25 63.

Germany.

1 £?
1 - - 20 55 Mks. and Pf.
100 - - 122 50 Fr. and C.
Result, 25 17¼.

Austria.

1 £?
1 - 11 75 Fl. & Neu-Kr.
100 - 210 Fr.
Result, 24 67½.

Spain.

240d. ?
48 - - 1 Peso.
100 - - 505 Fr.
Result, 25 25.

Portugal.

240d. ?
52 - - 1 Milreis.
100 - - 550 Fr.
Result, 25 38.

Russia.

240d. ?
30 - - 1 Rouble.
100 - - 312 Fr.
Result, 24 96.

ARBITRATIONS FOR REMITTANCES AND RETURNS WITH PARIS.

Paris on London.

For Returns @ 3 months		25 20
Interest, 2 °/₀	12½	
3 Brokerages	7½	20
		25 40
Commission, ⅓ °/₀		8½
	Frs.	25 48½

	Paris. Fr. C.	London		Pars. Fr. C.
Belgium	99 50	25 30	Fr. & C.	25 17¾
Italy	89 50	28 10	L. & C.	25 15
Netherlands	211 50	12 3	Fl. & St.	25 63½
Germany	122 50	20 55	M. & Pf.	25 17¾
Austria	210	11 75	Fl. & Kr.	24 67½
Spain	505	48d.	₩ Doll.	25 25
Portugal	550	52d.	₩ Milr.	25 38
Russia	312	30d.	₩ Rouble.	24 96

London on Paris.

For Remittances @ 3 months		25 25
Discount, 3 °/₀	19	
Less 1 Brokerage	2½	
		16½
		25 8½

The Arbitrated Pars being found, as in the preceding section, "Arbitrations of Exchange," pages 303 and 325, the direct rates are corrected in the following manner.

Bills at three months being used, the two direct rates require to be converted into short or cash rates. Properly, the two brokerages attendant on the indirect bills should be deducted from each of the arbitrated pars; but it answers the same purpose, for the comparison, to add them with its own brokerage to the rate of the

returns. With these the commission is generally added, but it is here done so separately, in order to show whether the pars will bear this charge, or whether they will answer only for joint account. Lastly, as direct remittances are attended with one brokerage less than indirect remittances, a correction on this account is required; but instead of deducting this one brokerage from the corrected rate for either the returns or the indirect pars, the purpose is answered, as above, either by adding it to the rate for the direct remittances, or, as here done, by deducting it from the discount upon this rate.

None of the above arbitrated pars (excepting the Netherlands rate) is favourable. Bills on Amsterdam cover the commission, and give a profit of 15 centimes per £ sterling. On Joint-Account the profit of 23½ centimes is nearly 1 per cent.

Example 2.

Remittances to Amsterdam.

The rates of Bills in Amsterdam being considered as below given, and those in London being as in the preceding course, with the same charges as in the last Example, it is required to find the best direct or arbitrated rates for remittances and returns, the rates of Interest for direct and short time Bills being reckoned as follows:—

London	2 per Cent.
Paris	3 ,,
Amsterdam and Hamburg	2½ ,,
Frankfort and Vienna	4 ,,
Other given places	5 ,,

AMSTERDAM EXCHANGE.

		Fl. C.	
London,	short and 2 months - -	12 05	₩ £1 Sterling.
France,	,, ,, ,, - -	47	,, 100 Francs.
Belgium,	short and 3 months - -	47 50	,, 100 Francs.
Germany,	,, ,, ,, - -	59	,, 100 Imp. Mks.
Italy,	,, ,, ,, - -	43	,, 100 Lire.
Austria,	3 months - - - -	102	,, 100 Flor. (A.)
Russia,	,, - - - -	150	,, 100 Roubles.

Equations for Arbitrated Pars with Amsterdam.

France.

		1 £?
1	- - -	25 25 F. C.
100	- - -	47 Fl.

Result, 11 86·7.

Belgium.

		1 £?
1	- - -	25 30 F. C.
100	- - -	47 50 Fl. C.

Result, 12 01·7.

Germany.

		1 £?
1	- - -	20 55 M. Pf.
100	- - -	59 Fl.

Result, 12 12·4.

Italy.

		1 £?
1	- - -	28 10 L. C.
100	- - -	43 Fl.

Result, 12 08·3.

Austria.

		1 £?
1	- - -	11 75 Fl. K.
100	- - -	102 Fl.

Result, 11 98·5.

Russia.

		240 d.?
30	- - -	1 Rouble.
100	- - -	150 Fl.

Result, 12 00.

ARBITRATIONS FOR REMITTANCES AND RETURNS WITH AMSTERDAM.

Amsterdam on London.

For Returns @ 2 mos. - - - - -		12 5·
Interest, 2 °/₀ - - -	4·	
3 Brokerages - - -	3·6 -	7·6
		12 12·6
Commission, ⅛ °/₀ - - - - -		4·
	Florins	12 16·6

	Amsterdam. Fl. c.	London.	Pars. Fl. c.
France - - - - - -	47	25 25 Fr. c.	11 86·7
Belgium - - - - -	47 50	25 30	12 1·7
Germany - - - - -	59	20 55 M. pf.	12 12·4
Italy - - - - - -	43	28 10 L. c.	12 8·3
Austria - - - - -	102	11 75 Fl. k.	11 98·5
Russia - - - - - -	150	30d. p. Rble.	12

London on Amsterdam.

		Fl. c.	Fl. st.
For Remittance @ 3 mos. - -		12 15 =	12 3
Discount @ 2½ °/₀ - -	7·59		
Less 1 Brokerage - -	1·21		
		06·38	
		12 8·62	

If, for Bills on Berlin, realising (after discount) -			12 10·
Returns are made in Bills on Paris at cost (after discount) of - - - - - -		11 83·7	
With 4 Brokerages, - - - -	4·8		
And Commission, ½ °/₀ - - -	5·9	10·7	
			11 94·4
The profits will be - -			15·6

or nearly $1\frac{5}{16}$ per cent.

Example 3.

Remittances to Hamburg.

The rates of bills in Hamburg being considered as below given, and those in London being as in the preceding course, with the same charges and rates of interest as in the last example, it is required to find the best direct or arbitrated rates for remittances and returns.

HAMBURG EXCHANGE.

		Mks. pf.	
London - - -	Short and 2 mos.	20 42	per £1 Sterling.
France - - -	,, 3 mos.	81	,, 100 Francs.
Belgium - - -	,, ,,	80 25	,, 100 Francs.
Netherlands - -	,, ,,	169 50	,, 100 Florins.
New York - - -	,, ,,	413	,, 100 Dollars.
Austria - - -	3 mos.	175	,, 100 Florins.
Italy - - - -	,,	75	,, 100 Lire.
Portugal - - -	,,	450	,, 100 Milreis.
Spain - - - -	,,	412	,, 100 Dollars.

EQUATIONS FOR ARBITRATED PARS WITH HAMBURG.

France.

		1 £?
1	- - -	25 25 F. c.
100	- - -	81 M.

Result, 20 45.

Austria.

		1 £?
1	- - -	11 75 Fl. kr.
100	- - -	175 M.

Result, 20 56.

Belgium.

		1 £?
1	- - -	25 30 F. c.
100	- - -	80 25 M. pf.

Result, 20 30.

Italy.

		1 £?
1	- - -	28 10 L. c.
100	- - -	75 M.

Result, 21 07.

Netherlands.

		1 £?
1	- - -	12 15 Fl. c.
100	- - -	169 50 M. pf.

Result, 20 59.

Portugal.

		240 d.?
52	- - - -	1 Milr.
100	- - - -	450 M.

Result, 20 76.

New York.

		240 d.?
48	- - - -	1 Doll.
100	- - - -	413 M.

Result, 20 65.

Spain.

		240 d.?
48	- - - -	1 Doll.
100	- - - -	412 M.

Result, 20 60.

ARBITRATIONS FOR REMITTANCES AND RETURNS WITH HAMBURG.

HAMBURG ON LONDON.

For Returns @ 2 mos. - - - -		20 42
Interest, 2°/₀ - - - - -	6·8	
3 Brokerages - - - - -	6·	
	—	12·8
		20 54·8
Commission, $\frac{1}{3}$ °/₀ - -		6·8
		20 61·6

	Hamburg. M. pf.	London.	Pars. M. pf.
France - - - - -	81	25 25 F. c.	20 45
Belgium - - - - -	80 25	25 30 F. c.	20 30
Netherlands - - - -	169 50	12 15 Fl. c.	20 59
New York - - - - -	413	48d. ₩ Doll.	20 65
Austria - - - - -	175	11 75 Fl. kr.	20 56
Italy - - - - - -	75	28 10 L. c.	21 7
Portugal - - - - -	450	52d. ₩ Mil.	20 76
Spain - - - - -	412	48d. ₩ Doll.	20 60

LONDON ON HAMBURG.

For Remittances at 3 mos. - - -		20 55
Discount, 2½ °/₀ - - - -	12·8	
Less 1 Brokerage - - - -	2·	
	—	10·8
		20 44·2

After allowing for discounts it will be found that, according to the above Arbitrated Rates, bills on Italy are supposed to sell, after paying all expenses, at a good profit, which would be much increased by making returns in bills on Brussels or Antwerp.

THE FOREIGN COURSES OF EXCHANGE.

ANTWERP EXCHANGE.

		Fr. c.	
London - -	Short or 3 mos.	25 20	per £1 Sterling.
France - -	,, ,,	99 50	,, 100 Francs.
Netherlands -	,, ,,	211 50	,, 100 Florins.
Germany - -	,, ,,	123	,, 100 Marks.
Italy - - -	,, ,,	89	,, 100 Lire (paper).
Spain - -	,, ,,	5 10	,, 1 Peso (or 5 Pesetas).
Portugal - -	,, ,,	5 50	,, 1 Milreis.

BERLIN EXCHANGE.

		Mks. pf.	
London - -	8 days & 3 mos.	20 40	per £1 Sterling.
France - -	8 days & 2 mos.	81	,, 100 Francs.
Netherlands -	,, ,,	169 50	,, 100 Florins.
Belgium - -	,, ,,	81	,, 100 Francs.
Austria - -	,, ,,	175	,, 100 Florins.

VIENNA EXCHANGE.

		Fl. kr.	
London - -	3 mos.	117 50	per £10 Sterling.
France - -	,,	40 50	,, 100 Francs.
Netherlands -	,,	47 50	,, 100 Florins, N.
Belgium - -	,,	46 50	,, 100 Francs.
Germany - -	,,	59 20	,, 100 Imperial Mks.
Italy - - -	,,	42 10	,, 100 Lire (paper).

ITALY EXCHANGE.

		Lire.	
London - -	Short & 3 mos.	28	per £1 Sterling.
France - -	,, ,,	110	,, 100 Francs.
Germany - -	,, ,,	133	,, 100 Imp. Mks.
Austria - -	,, ,,	217	,, 100 Florins, A.

NEW YORK EXCHANGE.

		Doll.	
London -	Cable Transfers at sight & 60 days.	4 86	per £1 Sterling.
Paris - -	,, ,,	1	,, 5 18 Francs.
Amsterdam -	,, ,,	41	,, 100 Florins.
Hamburg - -	,, ,,	95	,, 400 Imp. M.

To assist the reader in his calculations of the relative values of various moneys, we here give several tables, which may be useful, *viz.* :—

(1) The Coins of Foreign Countries, with approximate value in English money ; (2) the Exchange Value of the chief foreign moneys compared with English £ s. d. ; (3) French and English money ; and (4) American and English money

THE COINS OF FOREIGN COUNTRIES, WITH THEIR APPROXIMATE VALUE IN ENGLISH MONEY.

Gold (G) ; Silver (S) ; Copper (C) ; Bronze (B).

AMERICA.

	S.	D.
1 Eagle (G) = 10 Dollars -	41	0
1 Dollar (G) = 100 Cents -	4	1
1 Dime (S) = 10 Cents -	0	5
1 Cent (C) - - - - -	0	0½

AUSTRIA-HUNGARY.

1 Ducat (G) - - -	9	4
1 Florin (S) = 100 Kreuzers	1	11¾
1 Ten-Kreuzer Piece (S) -	0	2¼
1 Kreuzer (C), nearly	0	0¼

BELGIUM.

1 Twenty-Franc Piece (G) -	15	10
1 Franc (S) = 100 Cents -	0	9½

DENMARK.

1 Frederick d'Or (G) - -	16	3
1 Crown (G) = 10 Kronors -	10	11¾
1 Kronor (S) = 100 Ore (B)	1	1¼

FRANCE.

1 Napoleon (G) = 20 Frs. (S) - - - - - -	15	10
1 Franc (S) = 100 Cents -	0	9½
1 Five-Centimes (B) = 1 Sou	0	0½

GERMAN EMPIRE.

1 Crown (G) = 10 Marks -	9	9½
1 Prus. Thaler (S) = 3 Marks	2	11
1 Mark (S) = 100 Pfennige	0	11¾
1 Twenty-Pfennige Piece (S)	0	2½

HOLLAND.

	S.	D.
1 Ten-Florin Piece (G) -	16	8
1 Ducat (G) = 5¾ Florins -	9	7
1 Florin or Guilder (S) = 100 Cents - - -	1	8
1 Two-and-a-half-Cent Piece (B) - - - - - -	0	0½

ITALY.

1 Twenty-Lire Piece (G) -	15	10
1 Lire (S) = 100 Cents -	0	9½
1 Five-Centimes Piece (B) -	0	0½

PORTUGAL.

1 Gold Half-Crown = 5 Milreis - - - -	22	2½
1 Crown = 1 Milreis (S) -	4	5½

RUSSIA.

1 Imperial (G) = 10 Roubles	32	1
1 Rouble (S) = 100 Kopecks (C) - - - - - -	3	2

SPAIN.

1 Doubloon (G) = 100 Reals	20	6
1 Dollar (S) = 5 Pesetas = 20 Reals - - - - -	4	0
1 Peseta (S) = 4 Reals = 100 Centimes - - -	0	9¾
1 Ten-Centime Piece (B) -	0	1

N.B.—This Table gives only such coins as will enable the student to understand their relative values. The English equivalents are given as near as English coins will allow.

Monetary Tables, with the Approximate Pars of Exchange.

We now set before the student a series of Monetary Tables and the *approximate* pars of exchange with British moneys, and shall then proceed to give exchange lists for London, Paris, Amsterdam, Hamburg, Berlin, Antwerp, Vienna, Italy, St. Petersburg, and New York, with some of the equations worked out.

1. Great Britain.

1 Pound = 20 Shillings = 240 Pence = 960 Farthings.
1 Shilling = 12 ,, = 48 ,,
1 Penny = 4 ,,

2. France.

1 Franc = 100 Centimes.

If the Par of Exchange be taken at 25·25, then Fr. 25 25 cents = £1, and 1 Fr. = 9½d.

3. Belgium. Same as France.

4. Switzerland. Same as France.

5. Netherlands.

1 Florin or Guilder = 20 Stivers = 100 Cents.
1 Stiver = 5 ,,
Approximate Par: Fl. 12 = £1; 1 Fl. = 1s. 8d.

Exchanges are made in Florins and Cents; but in London custom retains the Stiver.

6. German Empire.

1 Reichsmark or Mark = 100 Pfennige.
Approximate Par: Marks 20 43 Pf. = £1.; 1 Mark = 11¾d.

7. Austria.

1 Florin = 100 Kreuzers.
Approximate Par: Fl. 11 75 Neu-Kr. = £1.; 1 Fl. = 20½d.

8. Spain.

1 Peseta = 100 Centesimos.
Approximate Par: Pesetas 25 = £1; 1 Pes. = 9½d. or 9¾d.

N.B.—By a decree of 19th October, 1868, the money of Spain was assimilated to that of France, Belgium, Switzerland, and Italy—the Peseta of four reals, considered as equivalent to a franc, being taken as the monetary unit.

9. Portugal.

1 Milreis = 2½ Crusados = 25 Reals = 1000 Reis.
1 ,, = 10 ,, = 400 ,,
1 ,, = 40 ,,
Approximate Par: 4½ Milreis = £1; 1 Milreis = 53½d.

10. Italy.

1 Lira Italiana = 100 Centesimi.
The approximate Par of Exchange being the same as that of France, Lire I. 25·25 = £1; 1 Lira I. = 9½d.

11. Greece.

1 Drachme = 100 Lepta.
Approximate Par: Dr. 28·25 = £1; 1 Dr. = 8½d.

12. Denmark.

1 Kronor = 100 Ore.
Approximate Par: Kr. 18 18 Ore = £1; 1 Kr. = 13¼d.

13. Russia.

1 Silver Rouble = 100 Kopeks.
Approximate Par: Silver Rouble 6 40 Kopeks = £1; 1 Silver Rouble = 37½d.

14. New York.

1 Dollar = 100 Cents.
Approximate Par: Dollar 4 86 Cents. (taken as 4·84 per tariff) = £1; 1 Dollar = 49⅓d.

EXCHANGE VALUE OF FOREIGN MONEY.

Subject to Fluctuations in the Rate.

	English.		Amer.		French.		German.		Dutch.	
	s.	d.	d.	c.	f.	c.	m.	p.	fl.	k.
English Sovereign - - -	20	0	4	88	25	20	20	40	12	60
,, Shilling - - -	1	0	0	24	1	25	1	0	0	60
French Napoleon - - -	15	10	3	85	20	0	16	15	9	42
,, Franc - - - -	0	9½	0	19	1	0	0	80	0	47
German 20-Mark Piece - -	19	6	4	75	24	70	20	0	12	20
,, Mark - - - -	0	11¾	0	24	1	24	1	0	0	57
Holland 10-Gulden Piece -	16	4	4	0	20	70	16	65	10	0
,, Florin - - -	1	7¾	0	40	2	15	1	70	1	0
Danish 20-Kron Piece - -	21	9	5	30	27	40	22	25	13	10
,, Kronor - - -	1	1	0	27	1	30	1	13	0	65
American Dollar - - -	4	1	1	0	5	6	4	10	2	40
Spanish Dollar - - -	3	11	0	94	4	95	3	98	2	30
,, Peseta - - -	0	9¼	0	19	0	95	0	70	0	46

FRENCH AND ENGLISH MONEY.

	s.	d.		s.	d.		£	s.	d.
5 Cents,	0	0½	4 Francs,	3	2½	20 Francs,	0	16	0
10 ,,	0	1	5 ,,	4	0	30 ,,	1	4	0
50 ,,	0	4¾	6 ,,	4	9½	40 ,,	1	12	0
75 ,,	0	7¼	7 ,,	5	7	50 ,,	2	0	0
1 Franc,	0	9½	8 ,,	6	4¾	100 ,,	4	0	0
2 ,,	1	7¼	9 ,,	7	2½	131 Fr. 77 c.,	5	5	5
3 ,,	2	4¾	10 ,,	8	0				

ENGLISH AND FRENCH MONEY.

s.	d.	Fr.	c.	£	s.	d.	Fr.	c.	£	s.	d.	Fr.	c.
0	0¼	0	2½	0	1	0	1	25	2	0	0	50	0
0	0½	0	5	0	2	0	2	50	2	10	0	62	50
0	0¾	0	7½	0	3	0	3	75	3	0	0	75	0
0	1	0	10	0	4	0	5	0	3	10	0	87	50
0	2	0	21	0	5	0	6	25	4	0	0	100	0
0	3	0	31	0	10	0	12	50	4	10	0	112	50
0	4	0	42	0	15	0	18	75	5	0	0	125	0
0	5	0	52	1	0	0	25	0	5	5	5	131	77
0	6	0	62½	1	10	0	37	50					

AMERICAN AND ENGLISH MONEY.

	s.	d.		£	s.	d.		£	s.	d.
5 Cents,	0	2½	4 Dols.,	0	16	6	20 Dols.,	4	2	4
10 ,,	0	5	5 ,,	1	0	7	30 ,,	6	3	5
50 ,,	2	0½	6 ,,	1	4	8	40 ,,	8	4	7
75 ,,	3	0¾	7 ,,	1	8	10	50 ,,	10	5	9
1 Dol.,	4	1	8 ,,	1	12	11	100 ,,	20	11	6
2 ,,	8	3	9 ,,	1	17	0	122½ ,,	25	4	2
3 ,,	12	4	10 ,,	2	1	2				

ENGLISH AND AMERICAN MONEY.

s.	d.	Dols.	cts.	£	s.	d.	Dols.	cts.	£	s.	d.	Dols.	cts.
0	1	0	2	0	7	0	1	70	3	0	0	14	58
0	6	0	12	0	8	0	1	94	4	0	0	19	44
1	0	0	24	0	9	0	2	18	5	0	0	24	30
2	6	0	60	0	10	0	2	43	6	0	0	29	16
3	0	0	72	0	15	0	3	64	7	0	0	34	2
4	0	0	97	1	0	0	4	86	8	0	0	38	88
5	0	1	21	1	10	0	7	29	9	0	0	43	74
6	0	1	45	2	0	0	9	72	10	0	0	48	60

Mint Pars.

Besides the Arbitrated Pars of Exchange between different countries resulting from the prices of gold and silver, there is what is called the Mint Par, fixed by law, representing in countries which possess the Gold Standard the number of units of coins which contain the same quantity of pure gold as the sovereign. In these countries the price of bar gold cannot differ much, by premium or discount, from its mint price. The Mint Pars, or rather the Pars resulting from the prices of bar gold, govern the short exchanges between England and the countries which have adopted the gold standard—France, the Netherlands, Germany, Portugal, the Scandinavian countries, and New York. The two limits between which the short exchanges can fluctuate are found, the one by adding to and the other by subtracting from, the mint par the cost of transhipment of gold from one place to the other. These units are called the "Specie Points," or "Bullion Points," and are of great importance to the commercial world, as they govern the question of export or import of gold.

The Mint Par for Paris is thus found:—

1 £?
£1,869 = 480 oz. Troy, $\frac{11}{12}$ Stand.
Oz. Stand. 1 = 31·10349552 Grammes $\frac{11}{12}$.
Gr. Stand. 12 = 11 Grammes Fine.
Gr. Fine, 900 = 1,000 Grammes French Coin.
Gr. 100 = 3,100 Francs.

Thus abbreviated and worked by chain rule:—

$$\frac{4 \times 31{\cdot}10349552 \times 11 \times 31}{1{,}869 \times 9} = \text{Fr.}25\ 22\tfrac{3}{20}.$$

For all practical purposes, say francs 25·22½ centimes. As "Specie Points," therefore, may be taken the Short Exchanges, fr. 25·11 and fr. 25·33; and at the former rate gold would be shipped *from London* to Paris, and at the latter rate from Paris *to London*.

The following are the mint pars and specie points for the countries of the gold valuation:—

	Mint Pars.		Specie-Points.			
Paris	Fr.	25·2215	Fr.	25·11	and	25·33
Amsterdam	Fl.	12·107	Fl.	12·02	,,	12·17
Berlin	Mks.	20·4294	Mks.	20·31	,,	20·53
Lisbon		53·285d.		52½d.	,,	53½d.
Copenhagen	Kron.	18·1595	Kr.	18·03	,,	18·26
New York		$4·8665		$4.83	,,	4·90

N.B.—Belgium, Switzerland, and Italy, are the same as in France.

CHAPTER XVII.

GOLD AND SILVER COINS.

THE following is a list of Gold and Silver Coins of a stated full weight and Assay Report. We have given the calculations of their fine and standard weights and their sterling value up to two decimal-places of pence, and would advise the reader to work some exercises for himself.

We give the Calculations of the French Napoleon as an additional example for gold:—

4. dwts. 3½ gr. = 99·5 gr.

$$\frac{99{\cdot}5 \times 900}{1{,}000} = 89{\cdot}55 \text{ gr. Fine Weight.}$$

$$\frac{89{\cdot}55 \times 12}{11} = 97{\cdot}69 \text{ gr. Standard Weight.}$$

97·69 = 4 dwts. 1·69 grs. @ 77s. 10½d. per oz. = 15s. 10·19

and the calculations of the Prussian thaler as another example for silver:—

$$11 \text{ dwts. } 20 \text{ grs.} = \frac{284 \text{ grs.} \times 6}{222} = 7{\cdot}67 \text{ Worseness.}$$

$$284 - 7{\cdot}67 = 276{\cdot}33 \text{ Standard Weight.}$$

$$\frac{276{\cdot}33 \times 37}{40} = 255{\cdot}60 \text{ Fine Weight.}$$

255·60 grs. at 5s. per oz. = 2s. 10·54.

Gold Coins.

Full weight and reported fineness; with their fine and standard weights, and value at 77s. 10¾d. per ounce standard.

	Full Wt. dwts.	Full Wt. grs.	Fineness.	Fine Wt. grs.	St. Wt. grs.	Value. s.	Value. d.
French Napoleon - -	4	3½	900	89·55	97·69	15	10·19
German 20 M.-pce., -	5	2½	900	110·25	120·27	19	6·15
Dutch 10 Flor.-pce -	4	7	900	92·70	101·17	16	4·88
Russian ½ Imperial -	4	3½	917	91·21	99·50	16	1·71
American ½ Eagle - -	5	9	900	116·10	126·65	20	6·58
Spanish Doubloon -	17	8½	870	362·36	395·30	64	1·60

Silver Coins.

Full weight and reported worseness, with their fine and standard weights, and value at 5s. per ounce standard.

	Full Wt. dwts.	Full Wt. grs.	Worse. dwts.	Fine Wt. grs.	St. Wt. grs.	Value. s.	Value. d.
French 5 Francs - -	16	1¾	6	347·17	375·32	3	10·91
Dutch Guilder - -	6	22	8	148·01	160·01	1	8
Prussian Thaler - -	11	20	6	255·60	276·33	2	10·54
Russian Silver Rouble -	13	8	14	277·33	299·82	3	1·47
Aust. Species-Thaler -	18	1	22	360·83	390·09	4	0·76
Spanish Pillar Dollar -	17	8	7	372·66	402·88	4	2·36
Mexican Dollar - -	17	11	6½	376·22	406·73	4	2·84
Peruvian Dollar - -	17	7½	6½	373·08	403·32	4	2·41
United States Dollar -	17	8	8	370·93	401·01	4	2·12
Calcutta Sicca Rupee -	8	0	2	176·00	190·27	1	11·78
Mad. Rupee (N. Gov.) -	7	12	2	165·00	178·37	1	10·29

N.B.—The Mexican and Peruvian dollars are those of 1833, and the United States dollar of 1792.

CHAPTER XVIII.

BULLION.

Bullion means gold and silver in bars, ingots, dust, small pieces, old coins and medals.

Gold and silver are sold at so much per standard ounce, and owing to a varying proportion of alloy the gross weight of any parcel of bullion will almost always differ from the standard weight.

The purity is found by a process called an assay, in which an arbitrary pound weight is employed.

To standard gold or silver is to convert the given gross weight of any other purity than standard into its equivalent standard weight from the assay report of its quality.

Standard gold is a mixture of metal containing eleven parts of pure gold, with one part of alloy. Its standard purity is $\frac{11}{12}$, or $0{\cdot}916\frac{2}{3}$.

Standard silver contains thirty-seven parts of pure silver, with three parts of alloy. Its standard purity is $\frac{37}{40}$, or 0·925.

The betterness indicated by B, or worseness indicated by W, of gold or silver is the weight of the quantity of alloy to be added to or taken from the full or gross weight, in order to reduce it to the standard weight.

In whatever state gold is found it is mixed with a greater or less quantity of silver. Native gold contains from 65 to 99 per cent. of gold, palladium gold contains about 86 per cent., and rhodium gold from 59 to 66 per cent. Silver is usually accompanied with gold, but there are some exceptions, particularly when it is

extracted from lead and other inferior metals. When the quantity of silver in such mixtures is very small in comparison with the gold, it is often disregarded or treated as alloy; and when the comparative quantity of gold is so minute as not to be worth the expense of extracting, it is reckoned as being silver.

Mixtures of gold and silver are called partings. When gold is greater in quantity the mixture is called a gold parting, and when silver is the greater, a silver parting.

Gold is weighed at the Bank of England and by private dealers by the ounce, divided into 1,000 parts, but not to a greater nicety than ·025; and silver by the ounce, divided into tenths, but not lower than $\frac{5}{10}$.

Currency.

We have in this country a Gold Currency, the Sovereign being the basis of all money exchanges.

Both silver and bronze coins are circulated, but they are known as Token Money, because they only represent fractions of gold coins, and are not intrinsically worth their free value.

Legal Tender.

A legal tender of money in this country is gold up to any amount, silver up to forty shillings, bronze up to one shilling, and Bank of England notes up to any amount, but not exceeding the debt to be paid, as no one except the Bank of England is compelled to give change for these bank notes.

The following tables give the British imperial standard weights and fineness of the gold and silver coins now in use:—

BRITISH GOLD COINS.

Number in the Troy lb.		Standard Weight. Grs.	Fine Gold in each. Grs.	Alloy in each Grs.
$93\frac{9}{20}$	Half Sovereigns - - -	61·637	56·500	5·137
$46\frac{29}{40}$	Sovereigns - - - -	123·274	113·001	10·273

Standard.

22 Carats, or $916\frac{2}{3}$ Mill., or 11-12ths Fine Gold.
2 ,, ,, $83\frac{1}{3}$,, ,, 1-12th Alloy.

BRITISH SILVER COINS.

Number in the Troy lb.		Standard Weight. Grs.	Fine Silver in each. Grs.	Alloy in each Grs.
264	Threepences - - -	21·8182	20·1818	1·6364
132	Sixpences - - -	43·6364	40·3636	3·2727
66	Shillings - - -	87·2727	80·7273	6·5455
33	Florins - - - -	174·5455	161·4545	13·0909
$26\frac{2}{5}$	Half-Crowns - - -	218·1818	201·8182	16·3636
$13\frac{1}{5}$	Crowns - - - -	436·3636	403·6364	32·7273

Standard.

11 oz. 2 dwts., or 925 Mill., or 37-40ths Fine Silver.
18 ,, ,, 75 ,, ,, 3-40ths Alloy.

British Copper and Bronze Coins.

Formerly 1 lb. avoirdupois of copper was coined into twenty-four pence, or forty-eight halfpence, or ninety-six farthings.

In 1860 the bronze coinage replaced the copper. It was of less weight, being composed of ninety-five parts copper, four of tin, and one of zinc. 1 lb. avoirdupois of bronze (7,000 grains) was coined into forty-eight pence, or eighty halfpence, or 160 farthings.

CHAPTER XIX.

REGULATIONS FOR THE COINAGE OF GOLD AND SILVER.

THE privilege of coining has in all ages and countries belonged to the Sovereign, and has, in England at least, been rarely delegated to any subject, and in any case in a restricted form—the Crown always reserving the right of determining the standard, denomination, and design of the coins.

Previous to 1870 the responsible direction of the coinages of this country was entrusted to two controlling officers: (1) the Master and Worker of the Mint, and (2) the Deputy-Master and Comptroller. The former was bound by the conditions of Indenture entered into between the Sovereign and himself to cause the coins to be worked within the "Remedies," or the limits of deviation, in either excess or deficiency, from the legal standards.

In 1870, on the death of Professor Graham, the Master, and after careful inquiry, it was decided to entrust the actual administration of the Mint to the Deputy-Master; the office and title of the Master of the Mint to be held *ex-officio* by the Chancellor of the Exchequer for the time being, without salary. The services of a scientific officer were secured by the appointment of a Chemist of the Mint. The Coining, Die, and Melting Departments were made one operative department, and placed under a single superintendent, and under the new regulations the Hon. C. W. Fremantle, C.B., was appointed the first Deputy-Master and Comptroller.

THE REMEDIES OF COINS.

The remedies within which the coins are to be worked are:—

For Gold -	- 12 grains in the pound troy, for weight.
	$\frac{1}{16}$th carat in 24 carats, for fineness.
For Silver	- 1 dwt. in the pound, for weight and fineness.

These remedies remain virtually the same, but in point of fact the work is executed very far within them, as, for example, in the remedy for fineness the gold coins are not more than $\frac{1}{80}$ of a carat in the twenty-four carats on one side or the other of the legal standard.

The coinage of gold is conducted for the public, free of all expense whatever to the parties importing or bringing gold into the Mint, it being open to any person to have any quantity of gold, of not less than £10,000 in value, wrought into coin, and redelivered to him, for standard weight of metal the same weight of coin, without the least charge.

It is a popular error that because gold is coined under the superintendence of public officers, and the Crown, with the sanction of Parliament when any alteration is made, prescribes the standards and current values, that the gold coins are therefore issued by the Government. The fact is the Government coins no gold for itself; it, like any individual, procures its supplies, when wanted, from the Bank of England, which alone, for many years, has been the sole importer of gold into the Mint. No claim, therefore, can properly be made upon the Government (or indeed upon the Bank) to reimburse whatever loss arises from the wear or ill-usage of this coin. The Bank formerly deducted 2½d. per ounce for light gold

from the £3 17s 9d. per ounce for purchased gold to cover expenses of melting, assaying, and casting into bars for the Mint. But since 1870 the Mint undertake to receive light gold at £3 17s. 9d. per ounce, and return the same to the importer at the full Mint price of £3 17s. 10½d.—the loss being only in the deficiency of weight.

The nation chooses to have gold for its standard of value. The Bank purchase gold with their notes. The Government works it into coin free of expense, and the Bank issue it to the public in re-exchange for those notes, at a trifling advance of rate, by reason of the gratuitous workmanship, but which advance is barely sufficient to defray the expenses they incur. The loss which individuals suffer, occasionally from lightness of weight, must be considered as a trivial premium paid for the use of this money.

The privilege of having silver, copper, and bronze wrought into coin is vested solely in the Crown. These metals are supplied to the Mint by orders of the Lords of the Treasury, and as from the higher prices or rates of the coins made from them than the market prices for the same metals, the working of them yields a profit to the Treasury. The coins of these metals, therefore, being issued by the Government, and not being the standards of value, are when much worn at occasional periods either called in, and new coins given for them, or, as at present, the same principle is virtually acted upon, by giving permission to the Bank to select the deteriorated pieces, and obtain those of full weight in exchange.

The Trial of the Pyx.

For trial of the weight and purity of the gold and silver coins of this kingdom, about once in three years the Lords of the Privy Council, generally on request of the Master of the Mint, direct the Chancellor of the Exchequer, *ex-officio* Master of the Mint, to issue a writ summoning a Jury of the Members of the Goldsmiths' Company of London to meet at the Exchequer Office in order to examine and report upon the pieces of coin which have been promiscuously taken (one out of each Journey-weight in every working of the Mint), and deposited in a box called the Pyx, kept under the custody of the Warden of the Mint, and which box has been brought for examination by order of the Crown. The finished coins are delivered to the mint master in weights called journey-weights. A journey-weight is fifteen pounds troy (901 sovereigns or 1,402 half-sovereigns) of coined gold, or sixty pounds troy of coined silver. The Jury having been sworn, receive their charge from the Chancellor of the Exchequer, and proceed to count, register, and weigh the whole of the pieces of each sort of money, in order to ascertain what, if any, has been the deviation from the legal or standard weight. This done, the Jury proceed to Goldsmiths' Hall, taking a few of the pieces in order to assay the metals, by trying their purity against portions of the standard trial plates furnished to them at Westminster. Upon the accuracy of these trial plates depends the purity not only of our coins, but also of the manufactures of gold and silver throughout the kingdom; for, practically speaking, the term standard denotes rather an accordance in degree of purity with these plates, than the assumed perfectly

legal mixture of the precious metals with their appointed alloys. When this operation has been finished they draw up in writing, and deliver to the Chancellor of the Exchequer their report or verdict upon the result of their investigations.

There is no instance upon record of this verdict of the Jury of the Exchequer Pyx declaring that the coins of this kingdom have erred so much from their Standards as to be beyond the limits of the remedies. It is this favourable verdict which gives the Master of the Mint his *quietus*, and absolves him from the penalties of the Mint indenture, or from suffering fine and ransom at the will of the Sovereign. It constitutes a public attestation of the standard purity of the coins of the realm.

From the several trials of the purity, from the numerous weighings in bars, plates, blanks, and coins, which the metal undergoes, and from the strict vigilance which is practised by the officers in all departments, the one checking the other, an extent of exactness is attained which is without parallel, and which makes the "Remedy" a mere nullity.

Notwithstanding the delays which these investigations necessarily occasion, such is the power of the Royal Mint that, on an emergency, 100,000 sovereigns can be coined in one day; and when more expedition can be easily and safely used, as in the coinage of silver, not being the standard of value, the number of pieces which can be worked is shown by the official statement that in 234 continuous working days there has been manufactured the enormous number of 57,960,936 pieces, being at the rate of 247,696 pieces, or 30,962 pieces for each of the eight presses per day.

Before the metal is delivered to be melted it is first

assayed by the resident assayer, in order to ascertain from the equivalent standard weight into what quantity of coin it ought to be worked. For the quality of the metal the Master of the Mint is answerable, and with what precision the weights are adjusted may be seen from reports of the jury of the pyx of the exchequer, some of which state that the weight of 1,749 sovereigns contained in the Pyx differed from full or standard weight by only two grains in excess, while the "remedy" of the same would have allowed a difference of 18 dwts. 17 grains.

The work of coinage was transferred in 1810 from its old place in the Tower of London to the present Mint on Tower Hill. The head of the Department—the Chancellor of the Exchequer, *ex-officio* Master of the Mint—has no practical control over the operations and business of the Mint. The work is in the responsible hands of the Deputy-Master. From the Mint the whole of the British Empire and its Colonies (with the exception of Australia) is supplied with coinage. Australia has branch mints at Sydney and Melbourne, and the East India branch mints are at Calcutta and Bombay.

In addition to the gold, silver, and bronze coins struck for home use, the Mint manufactures gold coins (two dollars) for Newfoundland; silver coins (50, 25, 20, 10, and 5 cents.) for Newfoundland and Canada, besides bronze coins for Jersey, and nickel coins for the West Indies.

In the thirteen years 1858-70, the annual average registered import of gold and silver (real value) to the United Kingdom was £27,083,330, the annual average export being £22,095,346. In the same thirteen years the average annual coinage of gold and silver in the

Royal Mint was £4,854,661, or nearly equal to the annual excess of imports over exports of bullion which flows in all this volume through London to and from every part of the globe.

The production of gold has declined of late years from the maximum attained after the great Californian and Australian discoveries, but the production of silver has materially increased, and is generally expected, from the rapid development of metals containing it, to increase in the future. Any permanent depreciation in the value of silver in relation to gold is not anticipated however. Unlike gold, which has one fixed value, the price of silver varies considerably. In the London market from 1833 to 1873 it ranged from 59d. to 62½d. per ounce. In 1875 it was 56d., and in 1885 it was at its lowest, 48½d., at which price there was a profit *(the seigniorage)* of no less than 36 per cent. upon all the silver coined. The fact of £20,000,000 of German silver being displaced by the standard gold coinage of the new monetary system had much to do with this depreciation of silver value.

In pages 348 to 349 are given the valuations of the coins chiefly used in commerce by foreign countries, and their value in English. We now give a table of all the British coins, with their approximate German, French and American values. The German value is expressed in reichsmarks or marks (M.) and pfennige (pf.); the French value, inclusive of course of Belgian and Swiss, is in francs (F.) and centimes (c.); the Dutch in guilders or florins (Fl.) and cents (c.); the Austrian in florins (Fl.) and kreuzers (kr.); and the American United States value in dollars (D.) and cents (c.). The money of Italy, lire and centesimi, and the money of

Greece, drachmai and leptai, being fairly equivalent to the francs and cents. of France, the table will give the comparative values of British money for those kingdoms also :—

APPROXIMATE VALUE OF BRITISH COINS,

IN GERMAN, FRENCH, BELGIAN, SWISS, ITALIAN, GREEK, DUTCH, AUSTRIAN, AND UNITED STATES MONEY.

British.			German.		French, etc.		Dutch.		Austria.		United States.	
GOLD.	s.	d.	M.	pf.	F.	c.	Fl.	c.	Fl.	kr.	D.	c.
Sovereign - -	20	0	20	0	25	20	12	0	10	0	4	84
Half-Sovereign -	10	0	10	0	12	60	6	0	5	0	2	42
SILVER.												
Crown - -	5	0	5	0	6	30	3	0	2	50	1	21
Half-Crown -	2	6	2	50	3	15	1	50	1	25		60½
Florin - -	2	0	2	0	2	52	1	20	1	0		48
Shilling - -	1	0	1	0	1	26		60		50		24
Sixpence - -		6		50		63		30		25		12
Threepence -		3		25		31		15		12½		6
BRONZE.												
Penny - -		1		8		10		5		4		2
Half-Penny -		0½		4		5		2½		2		1
Farthing - -		0¼		2		2½		1¾		1		0½

STANDARD GOLD.

The English Mint Standard for gold is twenty-two parts or carats fine in twenty-four parts or carats of metal, so that standard gold contains twenty-two parts of fine or pure gold and two parts of alloy. The carat is a nominal weight, and is divided into four grains.

When any parcel of gold is found by the assayer to contain more than twenty-two parts of fine or pure gold in twenty-four it is said to be so much better than standard, and when it contains less it is said to be so

much worse. Thus gold which assays 23 carats 2 grains is 1 carat 2 grains better, as shown below :—

	C.	Gr.
Assay - -	23	2
Standard - -	22	0
= B	1	2

Gold which assays 21 carats 2 grains would be 2 grains worse, thus :—

	C.	Gr
Standard - -	22	0
Assay - -	21	2
= W	0	2

Now, as gold is always sold at so much per standard ounce, we must, in buying or selling a parcel, ascertain how many standard ounces it contains. This is done by adding the total Betterness to, or deducting the total Worseness from, the gross weight.

An assayer reports on the number of parts per thousand of fine gold contained in the bar, and the following is the formula at present used in calculating the Standard Weight of gold :—

As standard gold contains $\frac{11}{12}$ of fine gold and $\frac{1}{12}$ of alloy, it follows that there are $916\frac{2}{3}$ parts of fine gold and $83\frac{1}{3}$ parts of alloy in every thousand parts of standard gold. Therefore, multiply the gross weight by the assay report, and divide by $916\frac{2}{3}$, or, what comes to the same thing, multiply the gross weight by the report, add $\frac{1}{11}$ and point off three decimal places.

Example.

What is the standard weight of 800 ounces of gold reported 992 ?

```
        992
        800
  ---------
11)793,600
    72,145
  ---------
  865·745 ounces.
```

To reduce Standard Gold to Fine (or pure) Gold deduct $\frac{1}{12}$ from the standard weight. Thus, what is the fine weight of 124 oz. 4 dwts. 16 grs. of standard gold ?

	Ozs.	Dwts.	Grs.	
	124	4	16	Standard.
Deduct $\frac{1}{12}$ - -	10	7	1	
	113	17	15	Fine.

Standard Silver.

The English Mint Standard for Silver is 11 oz. 2 dwts. of fine silver, with 18 dwts. of alloy in 12 oz. gross weight of metal. Any departure from this standard is also called Betterness or Worseness.

To find the Standard Weight of Silver multiply the gross weight by the number of pennyweights in the Assay Report of Betterness or Worseness, and divide the product by 222 to find the betterness or worseness. The quotient is then to be added to, or deducted from, the gross weight, according to whether it is betterness or worseness, and the result is the Standard Weight. This is the rule used in standarding silver.

Example 1.

What is the standard weight of 844 ounces of silver reported better $4\frac{1}{2}$ dwts. ?

```
½)844 Gross Weight.
    4
  ----
  3376
   422
  ----                 oz. dwts.
222)3798(17·1 or 17   2  Betterness.
    222          844   0  Gross Weight.
    ----        -----
    1578      = 861   2  Standard Weight.
    1554
    ----
     240
```

Quotient 17·1 or 17 oz. 2 dwts. Betterness, which, added to the 844 oz. gross weight, gives 861 oz. 2 dwts. Standard Weight.

Example 2.

To find the standard weight in 72 lb. 2 oz. 10 dwts. of silver, reported worse $7\frac{1}{2}$ dwts.

```
                lb. oz. dwts.
½ -   -         72  2  10  Full Weight.
                         7
                ----------
                505  5  10
                 36  1   5
                ----------  lb. oz. dwts.
            222)541  6  15( 2  5  6 Worseness.
                ----------
```

Therefore

```
                72  2  10  Full Weight.
                 2  5   6  Worseness.
                ----------
            lb. 69  9   4  Standard.
                ----------
          = oz.   837   4  Standard.
```

N.B.—Silver in bars is not weighed lower than to a quarter of an ounce or 5 dwts.

Fine Silver.

To reduce standard to fine weight, take 3-40ths of the standard weight and subtract the product.

```
                oz.  dwts.
Thus           837   4  Standard.
               ---------
                41  17  for 2-40ths.
                20  19  ,, 1-40th.
               ---------
          oz.  774   8  Fine.
```

FOREIGN REPORTS OF THE PURITIES OF GOLD AND SILVER.

The mode of reporting the purities of Gold and Silver, elsewhere than in this Kingdom, is to state the quantity of fine metal which is contained in the integer of the weight.

In France and various other countries, the purity is expressed in millièmes or tenths of millièmes (or 1,000 and 10,000 parts), which is a closer calculation than in England, where thousands and thirds-of-thousands only are given.

N.B.—This mode of decimally expressing the purity is sometimes called *touch*, but in Indian and Chinese reports the integer is commonly separated into only 100 parts, though lower parts are occasionally employed.

In Germany the Assay Integer was formerly a Mark, divided into 24 Carats each of 12 Grains for Gold, and into 16 Loths each of 18 Grains for Silver. It is now the Mint Pound, of 500 Grammes, and reports in millièmes of fineness as in France.

In Spain and Portugal, and also in the Spanish and Portuguese Settlements, the Assay Mark is divided into 24 Quilates or Carats of 4 Grains, for Gold, and into 12 Dinéros of 24 Granos, for Silver. The report is now in millièmes.

In the valuation of Gold and Silver in France, the amount is calculated either from the following fixed rates, at

	Gold.	Silver.	per Kilogramme.
Frs.	3437·77	220·00	1000 fine
	3094·00	198·00	900 ,,

employing the weight of the fine metal; or from tariff rates, formed from these rates according to the purity, using, in this case, the scale weight of the metal. The variation in price is an additive premium per 1000 or Mille.

In German valuations the amount is found from a variable price per Mark fine, at Berlin and Hamburg, and per lb. fine at Frankfort. In Spain and Portugal it is per Mark fine.

CHAPTER XX.

STANDARDING OF GOLD AND SILVER.

As some account of the modes of ascertaining the purities of the precious metals and the regulations under which they are either wrought into coin or manufactured into plate will probably be found both useful and interesting, we give a brief outline of the chief particulars concerning them.

An assay is defined to be a process in metallurgy to determine either the component parts of the material under investigation, or the relative quantity of one metal which exists in a compound of several metals.

In this country an assay of either gold or silver is an analysis to ascertain whether the metal examined is present in sufficient quantity to render the compound equal, in degree of fineness, to its appointed standard, or whether the precious metal is in too great or too

small a relative quantity. There is sometimes also a further purpose; namely, in a gold assay, to find what relative quantity of silver, or in a silver assay, what relative quantity of gold there is in the compound, when, as is generally the case, these two metals are both to be found in the same mass. This is called a parting assay.

The first process in either assay is to accurately weigh an assay pound of the flattened metal. In an assay of gold a quantity of fine silver, sufficient to make the weight of the silver equal to three times the weight of gold, is, if necessary, added to the gold, in order to diffuse the atoms of gold through the whole, and to thereby enable the acid used in the second or parting process to act with greater efficiency. The gold thus adjusted is then enveloped in a thin sheet of pure lead and put into a *cupel*, or small porous cup made of bone-ash, which is placed, and has been highly heated, in an assay furnace. The intense heat soon liquefies the metals, over which a current of air continually passes, and the baser alloys uniting with the lead form an oxide of lead or *litharge*, which is either gradually absorbed in the cupel or thrown off in a state of oxidous vapour. When it is observed that the metal, by its appearance, has been completely purified from those alloys the operation is stopped and the metal is left to cool.

The second process in a gold assay is to separate the silver from the gold. For this purpose the button of the melted compound is first flattened on an anvil, then passed between two rollers, and the thin ribbon of metal, having been annealed or softened by heat, is rolled up and forms what is called a coronet or cornet.

In the meantime some weak diluted nitric acid has been heating in a glass matrass, placed in a sand-bath, into which the cornet is put, and boiled for a time, by which a large portion of the silver is removed; but as the gold cannot be freed from it by a single treatment with acid it has now to be again boiled with a fresh and stronger acid. The cornet is next washed, first in hot and then cold distilled water, and it is afterwards placed in a small refining pot over the furnace, in order to free it from moisture and to aggregate its particles, by which its colour is changed from a dark brown to a rich dead-gold colour. These means suffice to clear it sufficiently for all practical purposes, as by making certain compensations for the retention of a small portion of silver, and also for the loss of a very small quantity of the gold itself, the actual quantity of fine gold remaining may be perfectly estimated.

The weight of this piece of refined metal has now to be tried against that of a check piece, or assay pound, of standard gold, which has undergone a similar process of refining, either at the same time with the assay piece or previously, with acid of the same degree of strength. If the two pieces exactly balance each other, the metal of the assay piece is said to be *standard*, or, otherwise, the weight by which it is either heavier or lighter is technically called its *betterness* or its *worseness*.

This is one method of weighing. But the more scientific and accurate plan is by adopting a decimal system; that is to say, the assay pound taken for trial is divided into 1000 parts, and the refined piece is weighed in units and tenths of the thousand. Now as gold 11-12ths fine (or standard) would weigh $916\frac{2}{3}$ (say 917), so all weights over this would give "better" and all under it "worse" reports.

In France the purity of gold is expressed in millièmes and tenths of millièmes (*i.e.*, 1000ths and 10,000ths). England has adopted this form of report, as less cumbrous than that of "betterness" or "worseness" in carats and grains, but limits the result to thousandths and thirds of thousandths.

The decimal weighing is, however, also converted into the trade expression upon the report paper, as gold and silver are always bought and sold by weights or subdivisions of the pound troy, peculiar to each metal.

An assay of silver may be made either by cupellation, as in the first part of the process with gold, or by dissolving it in diluted nitric acid, as in the second part. By the former and most general method the button of refined metal is weighed against a check piece of standard silver which has been refined with it, and which has therefore been subjected to the same disturbing influences, and the report of its quality is made in the same manner, though in different sorts of weights, as is practised in a report of gold.

The humid process of assaying silver was formerly little used here, its practice being almost confined to France. It consists in dissolving the assay pound of silver in nitric acid and then precipitating it by measured quantities of a solution of chloride of sodium: these are added by degrees (briskly shaking the solution after each addition) until cloudiness (or even opalescence) is no longer produced by such addition.

The solution having been carefully made as to its strength, of course the quantity of silver present is thus readily determined by the quantity of solution used in throwing it all down as chloride of silver. It has been proposed to precipitate all the silver at once by an excess of chloride of sodium and then to collect and

weigh the chloride of silver; but this would be too long a process when many assays have to be made at the same time.

The Mints of Great Britain, France, and other European states, as well as the United States, have adopted the humid process for the assay of silver, as it determines the value of a silver alloy to within 0·5 (or half a part) in 1,000.

The principal disadvantage of cupellation is the uncertain degree of waste, varying from 2 to 3 dwts. in the pound troy, chiefly occasioned by some of the silver passing away with the oxidised alloy, so that formerly, when check pieces were not used, and when an arbitrary allowance was made by the assayer for waste, it was very common for silver to be reported from a half to a whole pennyweight under its real purity; but by the employment of these pieces, as near an approximation to mathematical accuracy is attained as it seems possible to be acquired.

Gold, as has already been observed, is also subject to a slight waste from a small portion of it being carried away in the waste of the combined silver; but then, on the contrary, in ordinary assays about an equal quantity of silver still remains in combination with the gold at the termination of the assay, and cannot be removed without much difficulty; so that, as to the weight of the assayed piece, the one may be considered to nearly compensate for the other.

In a parting assay of gold, one assay pound of metal is refined without quartation or the addition of silver, and when it has undergone cupellation the weight is recorded, with such allowance as the assayer's judgment directs, for lead, which, in this case, on account

of their great affinity, cannot be prevented from being retained by the gold. Other two pieces are refined as in assays of gold, and the difference between their average weight and the net weight of the former piece is presumed to be the weight of the silver. Two pieces of the same metal are always tried, when the assay is made for any purpose demanding accuracy, whether the assay is for silver or for gold. The Bank of England (in bars which they purchase for coinage), very wisely, have three pieces tried; in fact, a triple assay made.

In a parting assay of silver, one piece is tried as a silver assay, and another piece, or two other pieces, being tried as in a gold assay, the weight of the gold found is added to the worseness, or subtracted from the betterness, of the first tried piece, in order to find the standard quality of the silver. In parting silver assays, however, the silver being known to be in large excess over the contained gold, it is not necessary to add silver as in an ordinary gold assay.

Gold and Silver Reports.

As an appropriate conclusion to these remarks, we give the following formulæ of gold and silver reports. The assay paper is sent to the assayer containing the sample, and it is marked with the letter or number of the bar, and also dated when delivered to him. It also usually contains the name of the bullion broker, or other party sending it for trial. The assayer stamps it with his own name, and after trial reports upon the same paper; thus where a number of specimens are being assayed, errors are avoided.

The first of the following examples is the regular form for these assay papers:—

B. & W. 80. *June* 12, 1900.

BROWNE & WINGROVE,
Refiners, 30 Wood Street.

GOLD DOUBLE.

WM. JONES,
Coleman Street.
996·2
c
B. 1 3⅝ grs.

SILVER DOUBLE.

918·2
W. 0·2 dwts.

SILVER DOUBLE.

Parting.
827·8
W. 1 oz. 3½ dwts.
10·8
Gold 2 dwts. 14 grs.

GOLD DOUBLE.

Parting.
883·0
W. 0 3¼ grs.
104·0
Silver 1 oz. 4½ dwts.

N.B.—Betterness = B. Worseness = W.

As it sometimes occurs that the gross and standard weights are given in statements, without the rates of betterness or worseness, it may be serviceable here to show the manner in which, by reversing the analogies, these rates may be found.

For this purpose we will take a recorded instance. One of the parcels of sycee silver (received in part payment, at the close of the war with China), after it had been melted with some of the dollars, and the gold extracted, weighed at the Mint Office 9,300 lb. 1 oz. gross, and was estimated as being 9,998 lb. 6 oz. 5 dwts. standard. Sycee is the colloquial pronunciation of the phrase Se-sze, which is strictly applicable to signify *fine silk*, but which is also used to mean *pure silver*, intimating that it may be drawn out as fine as silk. It contains gold amounting, on an average, to about 12 or 13 grains in the pound troy, and the ingots or shoes of this silver are stamped with the name of the reigning emperor, and the designation of the refiner, who is answerable for its purity.

Rejecting the ounces and pennyweights as of no importance, and subtracting the gross from the standard weight, the betterness is 698 pounds. To find the rate of betterness, we then make a proportionate statement, bringing out the following result.

As 9,300 lb. : 698 lb. : : 222 dwts. : 16·66 dwts.
Showing the Betterness to be above 16½ dwts.

In like manner the rate of gold may be found by taking the difference between the two weights, and saying—

As the gross weight is to this difference, so are 22 carats to the rate of betterness or worseness—the following being an example of 1,100 oz. = 1,025 oz. standard:—

	oz.		carats.		carats.
As 1,100	: 75	: :	22	:	1·5

Showing the Worseness to be 1½ carats.

A calculation derived from actual operation, and possessing some general interest, will explain the former manner of estimating the rate per ounce paid for light sovereigns in order to correspond with the Bank of England buying rate of 77s. 9d. per ounce standard for bar gold.

One thousand ounces light gold coin were melted into five bars, and the assay report of them was—

Worse - - - - - 1-8th of a Carat Grain.
Silver - - - - - 7 dwts. in the Pound.

No value was given for this small proportionate quantity of silver, because when the silver in bars of gold was charged for, an allowance of 4s. per lb. was made for the expense of extraction.

The loss in melting and the charges were as given below :—

oz.	lb.	oz.	dw.	grs.	
1,000 =	83	4	0	0	Gross.
			12	0	Loss in Melting.
	83	3	8	0	
		1	8	9	Worseness.
	lb. 83	1	19	15	= oz. 997 19 15 Standard.

Oz. 997 19 15 at 77s. 9d. ℔ oz. - £3,879 13 2

CHARGES.

Melting at 6d. ℔ lb. - - -	£2 1 8			
Less Scrapings - -	0 16 0			
	1 5 8			
5 Assays at 5s. each - - -	1 5 0			
Porterage - - - - - -	0 2 6			
			2 13 2	
	Net		£3,877 0 0	

£3,877 on 1,000 oz. = 77s. 6½d. ℔ oz.

N.B.—On page 358 we have shown that by a recent regulation the Mint now receives light gold, by weight, at 77s. 9d., and delivers at 77s. 10½d. without charges, so that the loss is in the weight only.

CHAPTER XXI.

THE STANDARDS AND REGULATIONS FOR MANUFACTURES OF GOLD AND SILVER.

THE standards which have been established by Acts of Parliament for the purities in this kingdom of manufactures of gold and silver are two for each metal. The first enactment for the purities of wrought gold and silver was in the second year of the reign of Henry VI.; but it is usual to refer to the Act of the eighteenth of

Elizabeth for the establishment of the standards of 22 carats for gold and 11 oz. 2 dwts. for silver. The purity of 18 carats for gold was allowed to be used by an Act of the thirty-eighth of George III., and that of 11 oz. 10 dwts. for silver was ordered to be employed as the lowest fineness for silver ware, by an Act of the eighth of William III., in order to prevent, it was supposed, the melting down of the new silver coins. The latter Act was repealed by another of the sixth of George I., which restored the old standard, but still allowed the new standard to be used at the will of the manufacturer.

FOR GOLD.

22 carats fine; and 18 carats fine in the pound troy.

Three other Gold Standards have been allowed for articles of jewellery, in order to admit of competition with foreign jewellers, *viz.*, 9, 12, and 15 carats.

The value of the various standards of the pound troy is—

		£	s.	d.
Pure Gold,	24 carats, - - - -	4	4	11½
Standard,	22 ,, - - - -	3	17	10½
2nd Standard	18 ,, - - - -	3	3	8½
3rd ,,	15 ,, - - - -	2	13	1
4th ,,	12 ,, - - - -	2	2	5¾
5th ,,	9 ,, - - - -	1	11	10½

FOR SILVER.

11 oz. 2 dwts. fine; and 11 oz. 10 dwts. fine in the pound troy. The latter standard (of eighth William III.) is rarely used.

No article of gold or silver, unless exempted from being assayed, is allowed to be wrought of a less fineness than the lower of the respective standards.

For testing the purities of wrought gold and silver, different assay offices have been appointed in various parts of the United Kingdom, the Corporations or Goldsmiths' Companies of which have jurisdiction over the manufactures of these metals in their separate districts. They now are those of London, Edinburgh, Dublin, York, Exeter, Chester, Newcastle-upon-Tyne, Birmingham, Sheffield, and Glasgow. Of these places, York, Exeter, and Chester were appointed by an Act of the eleventh and twelfth of William III; Bristol and Norwich were also appointed, but no use has been made in these places of this privilege. Newcastle was added, as an ancient place of touch in the first year of the reign of Queen Anne; and Birmingham, Sheffield, and Glasgow were created assay towns by Acts of the thirteenth and fifty-ninth of George III.

The first legislation on the subject was in 1300, when the *Leopard's Head* was ordered to be marked upon all sterling articles of gold and silver. When the Company of Goldsmiths was incorporated in 1327 by Edward III., the *Leopard's Head* was borne on the shield as the distinguishing mark of the company. One of the duties imposed upon this company is to test all articles of gold and silver, and impress upon them the hall mark.

An ordinary piece of plate requires the following marks:—

(1) The initials of the maker;
(2) the *Leopard's Head* of the company;
(3) the Sovereign's mark, the *Lion passant* (from 1784);
(4) a letter indicating the year of manufacture;
(5) the Sovereign's head, in the case of articles chargeable with duty.

Manufacturers of gold and silver articles must register their names and their personal or private marks (generally initials) at the Assay Office of their district, and all articles sent in to be assayed must have this MAKER'S MARK impressed by himself. If they are then found to have been made in conformity with the appointed regulations, a small quantity, not exceeding 8 troy grains in the pound, is to be cut or scraped from them for trial of the purity, according to the standard for which they are required to be stamped. One moiety of the scrapings is to be reserved for the assay, and the other, if the purity proves to be correct, is to be put into that compartment of the diet box which appertains to its standard. These diet boxes are to be proved once a year, by or in the presence of such persons as the Lords of the Treasury shall appoint, which persons are always the wardens of the different halls, except for Birmingham and Sheffield, the diet boxes of which places are proved at the Royal Mint. Should any fraud or deceit have been practised in the manufacture, the article, on discovery, becomes forfeited to the Assay Office, and if it is inferior in fineness to the declared standard, it is to be broken or defaced before it is returned. Many articles of gold and silver, as medals, settings of jewels and other stones, chains, necklaces and fancy jewellery, and all silver articles not weighing each five pennyweights, are exempted from being assayed.

When the article has passed the assay, it is stamped with the following marks, the forgery or imitation of which, or the removal of them from old to new plate, is felony:—

(*a*) The Standard Mark.

For Gold of 22 carats, and Silver of 11 oz. 2 dwts.
Lion passant for England.
Thistle ,, Edinburgh.
Lion rampant ,, Glasgow.
Harp crowned ,, Dublin.
For Gold of 18 carats fine—
Crown and the figures 18.
For Gold of 22 carats fine (from 1845)—
Crown and the figures 22.
For Silver of the New Standard (11 oz. 10 dwts. fine)—
The figure called Britannia.

(*b*) The Hall Mark.

Leopard's Head crowned	for	London.
Castle	,,	Edinburgh.
The Figure called Hibernia	,,	Dublin.
Five Lions on a Cross	,,	York.
Castle with Three Towers	,,	Exeter.
Three Wheat Sheaves and Dagger	,,	Chester.
Three Castles	,,	Newcastle.
Anchor	,,	Birmingham.
Crown	,,	Sheffield.
Tree, Fish, and Bell	,,	Glasgow.

This mark is used to show in what district the article has been manufactured, or at what hall the assay of it has been made. The purposes of placing the hall mark upon plate are to show who are responsible for the purity, and at what office the return of the duty is to be claimed, in case the plate (not having been used) is entered for drawback upon being exported. The date mark, noticed afterwards, is also partly used for the latter purpose, because as the rate of duty has at different times been increased, it is necessary that the time of its payment should be known. If the plate so entered for drawback has been assayed at any other place than

London, a certificate of such assay is required to be produced.

(*c*) The Duty Mark.

The Head of the Sovereign.

This mark indicates that the duty has been paid, and it is therefore not placed upon watch cases, which are exempted from the payment of duty. The present rates of duty are seventeen shillings per ounce for gold, and eighteen pence per ounce for silver.

(*d*) The Date Mark.

The law directs that this mark is to be a letter of the alphabet, and that it is to be changed every year. A knowledge of the date marks will guide to the age of any piece of plate manufactured. The date marks of the Goldsmiths' Hall have been of a variety of types, Lombardic, Black Letter, Italic, Courthand, Roman and Old English—large and small, simple and ornamented—running in twenty year cycles, from *A* to *U*.

The following table gives five series of the letters, ranging from 1796 to 1895, both inclusive.

(1)	Roman Letter,	Capitals,	1796-1815.
(2)	,,	Lowercase,	1816-1835.
(3)	Old English,	Capitals,	1836-1855.
(4)	,,	Lowercase,	1856-1875.
(5)	Roman Letter,	Capitals,	1876-1895.

The letters are impressed within the outline of a shield, and the shape of this shield varies; otherwise there would be no means of distinguishing the marks of 1876-95 from those of 1796-1815.

(1) Mark.	Year.	(2) Mark.	Year.	(3) Mark.	Year.
A	1796	a	1816	𝔄	1836
B	1797	b	1817	𝔅	1837
C	1798	c	1818	ℭ	1838
D	1799	d	1819	𝔇	1839
E	1800	e	1820	𝔈	1840
F	1801	f	1821	𝔉	1841
G	1802	g	1822	𝔊	1842
H	1803	h	1823	ℌ	1843
I	1804	i	1824	ℑ	1844
K	1805	k	1825	𝔎	1845
L	1806	l	1826	𝔏	1846
M	1807	m	1827	𝔐	1847
N	1808	n	1828	𝔑	1848
O	1809	o	1829	𝔒	1849
P	1810	p	1830	𝔓	1850
Q	1811	q	1831	𝔔	1851
R	1812	r	1832	ℜ	1852
S	1813	s	1833	𝔖	1853
T	1814	t	1834	𝔗	1854
U	1815	u	1835	𝔘	1855

(4) Mark.	Year.	(4) Mark.	Year.	(5) Mark.	Year.	(5) Mark.	Year.
a	1856	l	1866	A	1876	L	1886
b	1857	m	1867	B	1877	M	1887
c	1858	n	1868	C	1878	N	1888
d	1859	o	1869	D	1879	O	1889
e	1860	p	1870	E	1880	P	1890
f	1861	q	1871	F	1881	Q	1891
g	1862	r	1872	G	1882	R	1892
h	1863	s	1873	H	1883	S	1893
i	1864	t	1874	I	1884	T	1894
k	1865	u	1875	K	1885	U	1895

The selection of the date mark is left to the Courts of the different Companies, and there is no uniform practice observed. The assay offices out of London have adopted different Letter-Marks and Cycles, as per the following list:—

Birmingham,	25 years.	Sheffield,	20 or 25 years.
Chester,	25 or 20 ,,	Glasgow,	26 ,,
Exeter,	20 ,,	Edinburgh,	25 ,,
Newcastle,	24 ,,	Dublin,	25 ,,

ADDENDA.

CHAPTER XXII.

MENTAL CALCULATIONS OF PERCENTAGES.

TO CALCULATE 10 PER CENT.

RULE.—*For the Pounds.*—Cut off the unit figure of the pounds in the principal, and the remaining figures will show the number of the pounds in the product.

For the Shillings.—Take twice as many shillings as there are units of pounds, and add 1s. to the product for 10s. in the principal.

For the Pence.—Reduce the given units of shillings (or the shillings left after the 10s. already considered) into pence, take in the given pence, and divide the amount by 10 by separating the unit figure, which becomes a decimal of tenths of a penny.

Example.

To find the amount of £877 16s. 7d. at 10 per cent.
Product, £87 15s. 7·9-10d.

We here say £877 produce £87 and 7 over; then, twice 7 are 14, and 1 for the 10s. are 15s.; lastly, 12 times 6 are 72 and 7 are 79 pence, making 7 pence and 9-10th, or 7·9.

TO CALCULATE 5 PER CENT.

RULE.—*For the Pounds and the Shillings.*—Consider the pounds in the principal as so many shillings, and value them in pounds.

For the Pence.—Multiply the given shillings by 6, take in half the number of the given pence (taking ½d. as ·5, and so on), and divide the amount by 10; or, reduce the units of shillings into pence, take in the given pence, divide by 20, and to the quotient add 6d. for 10s. in the principal.

Example.

To find the amount of £657 19s. 11d. at 5 per cent.
Product, £32 17s. 11·95-100d.

Taking the 657 as shillings we obtain the £32 17s.; taking 19s. 11d., we put down 5 hundredths, because there is an odd penny, and carry 5 for the half of 11; then we say, 6 times 9 are 54 and 5 are 59, put down 9-10th and carry 5; 6 times 1 are 6 and 5 are 11.

Or the pence and parts may be obtained thus: 9s. 11d. are 119 pence, 20 in 119 gives 5 and 19 over (or 19-20th); to the 5 pence add 6 pence because there are also 10s. in the principal. The 19-20ths multiplied by 5 or divided by 2 may be set down as 95-100ths, or ·95.

TO CALCULATE 2½ PER CENT.

RULE.—*For the Pounds.*—Cut off the unit figure of the given pounds and divide the other figures by 4.

For the Shillings.—Take half the number of the pounds remaining from the division of the pounds.

For the Pence.—Multiply the shillings by 3, and take in one-fourth of the number of the pence (the quotient giving decimals); then divide the result by 10, the product will be pence decimally stated, and add in 6d. if there should be an odd pound in the principal. Or reduce the units of shillings and the whole pence into pence, divide by 40, and add in 3d. for 10s., and 6d. for an odd pound.

Example.

To find the amount of £879 17s. 11d. at 2½ per cent.
Product, £21 19s. 11·375d.

We here say, beginning with 879, 4 into 87 produces £21 and 3 over; the half of 39 is 19 and 1 over; and thus we get £21 19s.; then for the pence and parts we say, 3 times 17 are 51 and 2·75d, the fourth of 11d. are 53·75, which, divided by 10, produces 5·375d., and with 6d. for the odd pound, produces 11d. and 375-1000ths of a penny, or 11·375d.

Or for the pence we may say, 7s. 11d. are 95 pence, 40 in 95 gives 2 and 15 over, set down 15-40ths and carry 2; this 2d. and 3d. (for 10s.) are 5d., and with 6d. (for the odd pound) makes 11 pence; the 15-40ths are equal to ·375d., or 375-1000ths of a penny.

TO CALCULATE 2 PER CENT.

RULE.—*For the Pounds.*—Cut off the unit figure of the pounds in the principal, and divide the higher figures by 5.

For the Shillings.—Multiply 4s. by the number of the remainder in the preceding division, and add 1s. for each £2 10s. in the remaining part of the principal.

For the Pence.—Consider the shillings in the rest of the principal, after the foregoing valuations have been made, as so many farthings, abating 1 from 12 to 37, or 2 when above the latter number.

Example.

To find the amount of £538 16s. 2d. at 2 per cent.
Product, £10 15s. $6\frac{1}{4}$d.

Cutting off the 8 in the number of the pounds, and dividing 53 by 5, we get £10 in the product, with a remainder of 3; then 4s. multiplied by 3, with 3s. for £7 10s., make up the 15s.; and lastly, the remainder of the shillings in the principal (£8 16s. less £7 10s. = £1 6s.) being 26, by abating 1 we get 25 farthings, or $6\frac{1}{4}$d.

TO CALCULATE $1\frac{1}{4}$ PER CENT.

RULE.—*For the Pounds.*—Divide the pounds in the principal by 80.

For the Shillings.—Take one-fourth of as many shillings as there are pounds remaining from the preceding division.

For the remaining Pence.—Add 1d. for 6s. 8d., or 2d. for 13s. 4d., and any surplus being brought into pence will then give the same number of 80ths of a penny.

N.B.—For general purposes 1d. may be added from 3s. 4d. to 10s.; 2d. for above 10s to 16s. 8d.; and 3d. for above 16s. 8d.

Example.

To find the amount of £179 15s. 7d. at $1\frac{1}{4}$ per cent.
Product, £2 4s. $11\frac{27}{80}$d.

Cutting off the 9, and dividing 17 by 8, we have £2 and £19 over.—19s. divided by 4 giving 4s. 9d., and 15s. 7d. being 13s. 4d., and 2s. 3d., or 27d., we add 2d. to the 4s. 9d., and reckon the 27 as so many 80ths of a penny.

TO CALCULATE 1 PER CENT.

RULE.—*For the Pounds.*—Separate the units and tens of pounds in the principal, and the other figures will show the required number of pounds.

For the Shillings.—Consider the tens and units of pounds as shillings, and divide them by 5.

For the Pence.—Consider the remaining pounds as so many tens, and half the given number of shillings as so many units of farthings, subtracting 1 from 12 to 37, or 2 when the farthings are above 37.

Example.

To find the amount of £1,677 15s. 2d. at 1 per cent.
Product, £16 15s. 6¾d.

£1,600 gives £16; 77 considered shillings, and divided by 5, gives 15s.; the 2 over with 8 (about half the number of shillings) give 28 parts, from which subtract 1, and the result is 27 called farthings, or 6¾d.

TO CALCULATE ½ PER CENT.

RULE.—Cut off the unit figure of the given pounds, and the others will show the percentage in shillings; then consider the units of pounds placed to the right of half the number of the given shillings, and read the combined figures (less 1 out of every 25) as so many tens and units of 8ths of pence requiring to be divided by 8, to produce the pence.

N.B.—If the pounds are above 5, reckon 6d. for the £5 and apply the latter part of the rule to the remainder; and when this rule is used for a number of pounds only, we may reckon the units as so many pence, with the addition of 1d. for £3 up to £7, and 2d. for £8 or £9.

Example.

To find the amount of £887 13s. 4d at ½ per cent.
Product, £4 8s. 9¼d.

The 88 tens of pounds produce 88 shillings, £5 produce 6d., and the 2 over with 7 for half the number of the given shillings, considered as 27 but reckoned as 26, on being divided by 8, produce 3¼d., making the whole 9¼d.

TO CALCULATE $\frac{1}{4}$ PER CENT.

RULE.—Multiply 5s. by the number of hundreds of pounds (or take 1-4th of so many pounds) and add to the product as many pence as there are tens of pounds in 6 times the remainder of the principal.

Example.

To find the amount of £1,837 14s. 6d. at $\frac{1}{4}$ per cent.
Product, £4 11s. 10d. 6-10ths.

18 times 5s. (or the fourth of £18) are £4 10s.; we then say 6 times 37 are 222, which with 4 (for the pounds in 6 times 14s.) are 226. The tens of pounds being 22·6 are then taken as pence, 1s. 10d. making the whole product £4 11s. 10d. The 6-10ths of a penny or $\frac{1}{2}$d. may be left out, and the whole product will be £4 11s. 10d.

TO CALCULATE $\frac{1}{8}$ PER CENT.

Multiply 2s. 6d. by the number of hundreds of pounds (or take 1-8th of so many hundreds of pounds), and add to the product as many pence as there are tens of pounds in 3 times the remainder of the principal.

Example.

To find the amount of £6,378 14s. 6d. at $\frac{1}{8}$ per cent.
Product, £7 19s. 5d. 6-10ths.

63 times 2s. 6d. (or the 8th of £63) are £7 17s. 6d. We then say 3 times 78 are 234, which with 2 (for the pounds in 3 times 14s.) are 236. The tens of pounds being 23·6 are then taken as pence, 1s. 11d., making the whole product £7 19s. 5d. The 6-10ths of a penny or $\frac{1}{2}$d. may be left out.

TO CALCULATE $\frac{1}{10}$ PER CENT.

Reckon the thousands of pounds as so many pounds; divide the number of the hundreds and tens of pounds by 5, and consider the quotient as so many shillings. Consider the remaining pounds (over 10s. being taken as £1) as so many farthings, subtracting 1 when they exceed 12, and 2 when they exceed 37.

N.B.—Instead of dividing the hundreds and tens of pounds by 5, we may double the number of the hundreds and add in 1 for 5 in the tens of pounds. The surplus over 5 in the tens of pounds and the units of pounds must then be treated as above.

Example.

To find the amount of £3,786 17s. 10d. at $\frac{1}{10}$ per cent.
Product, £3 15s. 9d.

£3,000 produce £3; the 78 considered as shillings and divided by 5 produce 15s. and 3 over; and £36 17s. reckoned as 37 parts or farthings, produce, with the deduction of 1 (as they exceed 12), 36 farthings or 9 pence.

Instead of dividing the 78 by 5, we may say twice 7 are 14 and 1 (for 5 out of 8 in the tens of pounds with 3 over) are 15: that is, 15s.

The rules given for the different percentages are formed by making use of such contractions as the reduction of the pound sterling into its lower denominations affords, in the application of the proper divisor for each of the rates per cent.

If any difficulty should occur in working for any other rate per cent., a proportional statement should be made, and if means of shortening the calculation cannot readily be found

it should be worked by the common method of RULE OF THREE. Thus to find the amount of £1,187 10s. 6d. at $12\frac{3}{8}$ per cent. may be thus stated:—

As 100 : $12\frac{3}{8}$ :: £1,187 10 6 : Ans.

An experienced calculator, however, knowing that $12\frac{1}{2}$ per cent. is equal to 1-8th of the principal, and that the difference, 1-8th per cent., is the 100th part of $12\frac{1}{2}$ per cent., may work the calculation by first taking the 8th of the given sum, and then deducting 1 per cent. upon the product.

It is $12\frac{4}{8} - \frac{1}{8}$ or $\frac{100}{8} - \frac{1}{8}$ or $12{\cdot}5 - {\cdot}125$.

The object of employing the decimal parts in some calculations is chiefly to prove the accuracy of each of the separate results, by trying the amount of the whole of them against the same percentage on the amount of the principals. It is a method which is used at the Bank of England and other like establishments for checking the separate dividends, tables being commonly used for this purpose. Fractional parts may be sometimes more conveniently employed, as 20ths for 5 per cent., 40ths for $2\frac{1}{2}$ per cent., etc.

CHAPTER XXIII.

PRACTICE.

I.—FOR VALUATIONS BY DOZENS.

RULE.—Take as many shillings per dozen as there are pence for each, and reckon 6d. for each $\frac{1}{2}$d., 3d. for $\frac{1}{4}$d., $1\frac{1}{2}$d. for $\frac{1}{8}$d., and 3 farthings for 1-16th of a penny. This will be 9d. for each $\frac{3}{4}$, and $4\frac{1}{2}$d. for $\frac{3}{8}$.

Example 1.

To find the amount of $89\frac{1}{2}$ yards at $7\frac{3}{8}$d. per yard.

£	s.	d.	
	7	$4\frac{1}{2}$	for 1 dozen.
		7	
2	11	$7\frac{1}{2}$	for 84
	3	$0\frac{7}{8}$	- 5
		$3\frac{3}{8}$	- $\frac{1}{2}$
£2	15	0	

$89\frac{1}{2}$ yards are 7 dozen $5\frac{1}{2}$ yards.

For $7\frac{3}{8}$d. each, we take 7s. and $4\frac{1}{2}$d., or three times $1\frac{1}{2}$d. per dozen.

Particular Rule.

For the percentage in shillings and pence.

Multiply the principal by the number of the shillings, and take parts for the pence out of a shilling, adding or subtracting as the example may require; then consider the pounds in the product as so many shillings, and divide them by 100, reducing the remainder (or the figures cut off) into pence, and again dividing by 100.

Example 2.

To find the amount of £1,733 13s. 8d. at 13s. 9d. per cent.

£	s.	d.	
1,733	13	8	
		14	
24,271	11	4	for 14s.
subtract 433	8	5	for 3d.
$\frac{1}{100}$ - - £23,838	2	11	= 238,38s.
		38 × 12 = 4,56d.	

Amount 238s. $4\frac{1}{2}$d., called £11 18s. 5d.

II.—For Valuation by Scores.

Rule.—Take as many pounds as there are shillings for each, and reckon 1s. 8d. per score for 1d. each. Then multiply by the number of scores and take parts for the remainder.

d.		s. d.	
thus 1	each is	1 8	per score.
2	,,	3 4	,,
4	,,	6 8	,,
5	,,	8 4	,,

d.		s. d.	
$1\frac{1}{2}$	each is	2 6	per score.
3	,,	5 0	,,
$4\frac{1}{2}$	,,	7 6	,,
6	,,	10 0	,,

Example 2.

To find the amount of $217\frac{1}{2}$ yards at 5s. $4\frac{1}{2}$d. per yard.

£	s.	d.	
5	7	6	per score.
		10	
53	15	0	for 200 yards.
2	13	9	,, 10 ,,
1	6	$10\frac{1}{2}$	,, 5 ,,
	13	$5\frac{1}{4}$	,, $2\frac{1}{2}$,,
£58	9	$0\frac{3}{4}$	

5s. $4\frac{1}{2}$d. = £5 7s. 6d. per score.

Example 3.

The combination of the principles of the two preceding Rules.

To find the value of $277\frac{1}{2}$ yards at $10\frac{3}{8}$ per yard.

$277\frac{1}{2} = 240$ and $37\frac{1}{2}$.

	£	s.	d.		
$10\frac{3}{8}$ £ =	10	7	6	value of 240 yards.	
$10\frac{3}{8}$ s. × 3 =	1	11	$1\frac{1}{2}$	,,	36 ,,
			$10\frac{3}{8}$	,,	1 ,,
			$5\frac{1}{8}$	,,	$\frac{1}{2}$,,
	£11	19	11		

The value of 240 yards, etc., at any number of pence per yard, etc., is evidently an equal number of pounds, and consequently the value of the same number at any fraction of a penny gives the same fraction of a pound.

Therefore, according to this mode of calculation, the number of pence in the price being reckoned as so many pounds (that is, the value of 240), is to be multiplied by whatever number of times 240 may be contained in the given number of the quantity to be valued, and then the valuation of the remainder is to be made in dozens or scores, and in odd yards and fractions.

III.—For the Valuation of Cwt. Qrs. and Lb. at 20s. per Cwt.

Rule.—Reckon every cwt. as £1, every quarter as 5s., and double the number of the lb. as pence; with the addition of 1d. for every 7 lb., and 14-100ths of a penny for each remaining lb. At 20s. per cwt., or 15d. for 7 lb., 1 lb. is worth 2 1-7d., or 2 pence and 14-100ths of a penny. The addition of 1 or 2 extra 100ths is made in order to allow for the remaining fraction of 2-7ths of 1-100th in the value of each pound at 20s. per cwt.

If great precision is required, there may be 1 part or 1-100th added in for 2, 3, 4, or 5 lb., and 2 parts or 2-100ths for 6 lb.

Example 4.

To find the amount of 73 cwt. 1 qr. 17 lb. at 47s. 6d.

	£	s.	d.	
¼ - -	73	8	0·43	for 20s.
			2	
	146	16	0·86	,, 40s.
½ - -	18	7	0·11	,, 5s.
	9	3	6·05	,, 2s. 6d.
	£174	6	7·02	

This valuation as 20s. per cwt. is thus made: 73 cwt. give £73, twice 17d. with 2d. (because there are 2 seven pounds in 17 lb.) give 36d., or 3s., which with 5s. for 1 qr. give 8s.; and as there are 3 lb. above the 2 sevens, or 14 lb., we add 3 times 14 parts, with 1 more (making ·43) and obtain, for the amount, the above valuation, £73 8s. 0·43d.

IV.—For the Valuation of Tons Cwt. Qrs. and Lb. at 20s. per Ton.

Rule.—Reckon every ton as £1, every cwt. as 1s., every qr. as 3d., and every 7 lb. as ¾d.; then multiply by the £s and parts of a £.

Example 5.

To find the amount of 37 tons 17 cwt. 3 qrs. 14 lb. at £24 10s. per ton.

	£	s.	d.	
½ - -	37	17	10½	amount at 20s.
			4	
	151	11	6	
			6	
	909	9	0	= 24
	18	18	11¼	= ½
	£928	7	11¼	

N.B.—When the lb. are given otherwise than in 7 lb., 14 lb., or 21 lb., the preceding rule for the cwt. may be used, if the shillings in the price per ton make a fraction of a £, for which a corresponding fraction can be taken of a shilling,[1] thus:—

3 tons 13 cwt. 1 qr. 17 lb. at £47 10s. per ton, are
73 cwt. 1 qr. 17 lb. at 47s. 6d. per cwt.

[1] Otherwise the extra pounds may be valued at 20s. per ton, which is at the rate of ·107, or 107-1000ths of a penny per lb.

V.—For Valuation of Oz. Dwts. and Grains Troy at 20s. per Oz.

Rule.—Reckon every oz. as £1, every dwt. as 1s., and half the number of grains as so many pence.

Example 6.

To find the value of 341 oz. 11 dwts. 17 grains of gold, at £3 17s. 10½d. per oz.

	£	s.	d.	
$\frac{1}{10}$ - -	341	11	8½	amount at 20s.
			4	
	1,366	6	10	for £4
$\frac{1}{10}$ - -	34	3	2	- 2s.
	2	2	8¼	- 1½d.
	£1,330	0	11¾	

£4, less 2s. 1½d. = £3 17s. 10½d.

VI.—For Finding the Amount of a Rate per £.

Rule.—Take the given sum as the amount at 20s., and take parts of 20s. for the given rate.

Example 7.

To find the amount of £679 9s. 4d. at 4s. 10½d. per £.

	£	s.	d.	
$\frac{1}{4}$ - -	679	9	4	amount at 20s.
$\frac{1}{40}$ - -	169	17	4	- - 5s.
	4	4	11	- - 1½d.
	£165	12	5	

5s., less 1½d. = 4s. 10½d.

VII.—For Finding the Amounts of Rates per Cent.

Rule 1.—Take parts for the rate out of the given amount.

Rule 2.—Multiply the variable term of the rate expressed in pounds by the number of hundreds of pounds in the given sum, and take parts for the remainder of the sum out of £100.

Rule 3.—Multiply the given sum by the variable term of the rate, and divide the product by 100.

Example 8.

To find the amount of £649 at 8¾ per cent.

	£				
$\frac{1}{20}$ - -	649			amount at 100 per cent.	
½ - -	32	9	0	,,	5 ,,
½ - -	16	4	6	,,	2½ ,,
	8	2	3	,,	1¼ ,,
	£56	15	9		

Or take 10 per cent., and subtract 1-8th for 1¼ per cent., producing 8¾ per cent.

The student is to observe that, in rates per cent. without any valuations being given, the two terms are of the same kind or value: thus 8¾ per cent. may be 8¾ of a £ out of £100, or 8¾s. out of 100s.; and so with any other matter of weight, measure, or quantity, as 8¾ yards out of 100 yards, or 8¾ things out of 100 things; but when a value is given to the variable part of the rate in money, the words "per cent." always mean to be out of £100; as 12s. 6d. per cent. means 12s. 6d. out of £100. In any other case both terms of the rate are valued.

Example 9.

To find the amount of £652 10s. at $65\frac{1}{8}$ per cent.

		£	s.	d.		
$\frac{1}{2}$	- -	65	7	6	amount of £100	
				6		
		392	5	0	,,	600
$\frac{1}{20}$	- -	32	13	9	,,	50
		1	12	$8\frac{1}{4}$	,,	2 10
		£426	11	$5\frac{1}{4}$		

Example 10.

To find the amount of £1,187 10s. 6d. at $12\frac{3}{8}$ per cent.

		£	s.	d.	
$\frac{1}{4}$	- -	1,187	10	6	
				12	
		14,250	6	0	= 12
$\frac{1}{2}$	- -	296	17	7	= $\frac{1}{4}$
		148	8	9	= $\frac{1}{8}$
$\frac{1}{100}$	- -	14,695	12	4	
		£146	19	1	

CHAPTER XXIV.

GOVERNMENT STOCKS.

Case 1.

To find the cost or the net proceeds of Government stocks.

Rule.—Find the value of the stock by one of the rules in page 393 *supra*, and add 1-8th per cent. for brokerage upon buying, or subtract the same upon selling.

The brokerage is on the amount of stock, and not on its value.

Example.

To find the cost of £655 Consols at $95\frac{1}{2}$ per cent.

£655 at $95\frac{1}{2}$ =	£625	10	6	Value
,, $\frac{1}{8}$ =		16	5	Brokerage
	£626	6	11	Cost.

Case 2.

To find the quantity of stock that can be bought with a given sum of money.

Note.—Add $\frac{1}{8}$ for brokerage to the price of the stock, and say, If this sum produce £100 stock what will the given sum produce?

Example.

To find how much Three per Cent. Consols can be bought with £400, when the price is $98\frac{1}{2}$.

$98\frac{1}{2}$ and $\frac{1}{8} = 98\frac{5}{8}$.

£		£		£		
As $98\frac{5}{8}$	:	100	: :	400	:	Ans.:

£405 11s. 6d., Quantity of Stock.

Case 3.

To find the quantity of stock that must be sold to produce a given sum of money.

Rule.—Subtract $\frac{1}{8}$ for the brokerage from the price of the stock, and say, If this remainder require £100 stock, what will the given sum require?

Case 4.

To find the net proceeds of Bank of England Stock, India Stock, Canadian Stock, or other stocks.

Rule.—Make the calculation in the same manner as for Government stocks, but subtract the expense of making the

transfer,[1] together with brokerage on the sale of the stock. The fees payable to brokers are :—

For British or Foreign Funds - - - -	2s. 6d. °/₀
,, Exchequer Bills - - - - - -	1s. 0d. °/₀
,, Colonial and American Government Stocks and Railway Bonds - - - -	1s. 0d. °/₀

Case 5.

To find the amount of the half-yearly dividends on stock.

Rule.—Multiply the quantity of stock by the rate of the dividend, and divide the product by 100, and again by 2 for the half-year's dividend.

Or, multiply the rate of the dividend by the number of hundreds of pounds of stock, and take parts for the remaining quantity, if any ; then halve the product for the half-year.

Case 6.

To find the rate per cent. per annum, which is made of money by the purchase of stock.

Rule.—Find the amount of the proportionate or growing dividend, from the day when the last dividend was due, to the given day, and subtract it from the given price of the stock to find the net price. Then if a proportionate statement be made, with the net price, the rate of the annuity, and £100, for the three given terms, the fourth term will be the required rate per cent.

Example.

To find the rate per cent. per annum, which is made of money invested in Three per Cent. Consols at $94\frac{3}{4}$ per cent. on the 14th May, 1900.

N.B.—The dividends on this stock are due on 5th January and 5th July.

From 5th January to 14th May is 130 days.

[1] For Bank Stock, Transfer Fee to £25 and under, 1s. 3d. ; over £25, 4s. 3d. ; Stamp, 7s. 9d. India Stock, no Fee ; Stamp, 30s. Canada Stock, 2s. 6d. °/₀ Stamp ; Colonial Stocks, no Fee or Stamp.

The Interest on £100 for 130 days is at 3 °/₀	£1 1 4	
	£94 15 0	Price.
	1 1 4	Growing Dividend.
	£93 13 8	Net Price.

As £93 10 8 : £3 : : £100 : Ans.

Product, £3 4s. 1d., Rate per Cent.

N.B.—In calculations of this nature the given price is supposed to include the brokerage of $\frac{1}{8}$ per cent.

If the growing dividend were not regarded in the above, and the given price were made the first term of the statement, the rate would be £3 3s. 4d. per cent., thus shown :—

As £94 15 0 : £3 : : £100 : £3 3 4

TERMINABLE ANNUITIES.

Terminable annuities are annuities which have been sold by Government for limited periods. Some now extend only to 1904. The Savings Bank Annuities extend to 1908, and the Red Sea Telegraph Annuities to 4th August, 1908.

The date to which they run is the chief element in estimating their value. The price is the number of years' purchase at which they are sold, as $12\frac{5}{16}$, $12\frac{1}{2}$, $13\frac{1}{4}$.

The brokerage is reckoned at sixpence on each pound of the annuity.

Example.

To find the cost of a terminable annuity of £50 at $12\frac{3}{4}$ years' purchase.

£50 × $12\frac{3}{4}$ =	£637 10 0	Value
£50 at 6d. =	1 5 0	Brokerage
	£638 15 0	Cost.

EXCHEQUER BILLS.

Exchequer Bills are issued from the Exchequer, and bear interest from the day on which they are dated. They are

always advertised to be paid off or renewed when they have run a few days more or less than a year.

The rate of interest on these bills, which varies according to the value of money, is payable at the Bank of England on *March Bills* (so called), 10th March and 10th September; and on *June Bills* (so called), 10th June and 10th December. The interest has been as low as $1\frac{1}{4}$d. per cent. per day, and has reached $3\frac{1}{4}$d. per cent. per day.

The brokerage on Exchequer Bills is 1s. per £100.

N.B.—Exchequer Bills are of four different amounts, and are printed with ink of different colours, *viz.* :—

£100 Bills with Red ink.	£500 Bills with Blue ink.
£200 ,, ,, Yellow.	£1,000 ,, ,, Black.

Example.

To find the cost of 4 Exchequer Bills of £500 each, dated 15th March, and bought 17th June, at 4s. premium.

£2,000 at $2\frac{1}{2}$d. per cent. is 4s. 2d. for 1 day.

4 Bills—£500 each - - - - -	£2,000	0	0
Interest—94 days at 4s. 2d. per day - -	19	11	8
Premium—at 4s. per cent. - - - -	4	0	0
Brokerage - - - -	1	0	0
Cost - - -	£2,024	11	8

BONDS OF CORPORATIONS AND COMPANIES.

Bonds are issued by various corporations, companies, and associations for loans, etc. The amounts are £100, £300, £500, £1,000 (and otherwise), and bear interest from given dates at stated rates of interest per cent. The calculations for interest are made in months and days.

The brokerage is the same as upon Exchequer Bills, *viz.*, 1s. upon every £100 either purchased or sold.

Example.

To find the net proceeds of 2 bonds of £500 each, dated

31st March, 1900, sold 23rd May, interest 4 per cent. at 4s. premium.

From March 31 to May 21 is 1 month 23 days.

Interest = £5 17 1

	£	s.	d.	
	1,000	0	0	Bonds.
	5	17	1	Interest.
£1,000 at 4s. =	2	0	0	Premium.
	1,007	17	1	Amount.
Less		10	0	Brokerage.
	£1,007	7	1	Net Proceeds.

CHAPTER XXV.

CHAIN RULE, OR RULE OF EQUATIONS.

Continued proportion is a combination of two or more proportions, when the product or fourth term of each simple proportion forms the third term of the following proportion.

Instead of working these proportions separately, they may be performed together like compound proportion, by the following method, called the chain rule, or rule of equations.

Rule.—Arrange the given quantities in the following order: make the quantity whose value, weight, or other result is required, the term of demand; and in order to distinguish it, place against it to the right hand a note of interrogation; then place the first and second terms of the given proportions, so that the first term of the first proportion may be similar to the term of demand, and that the first term of each following proportion may be similar to the last second term.

Reduce, if necessary, the similar terms into their lowest denomination, multiply the last term by the numbers in succession of all the second terms, and also the term of demand. The product should then be divided by the pro-

duct of the numbers of the first terms, and the quotient is the answer.

Observations.—(1.) The first terms are the antecedents, and the others consequents; and the statement of them is an equation, because each consequent is the value or equivalent of its antecedent, each pair of terms being a rate of the equation.

(2.) By cancellation, any antecedent and any consequent may be divided by a number that will exactly divide them, and their quotients used instead; and this may be repeated as often as practicable, taking only two terms, one on each side, at a time.

(3.) When the equation is complete the last quantity will be of the same species as that required to be equivalent to the term of demand, and represented by the note of interrogation.

Example.

If 22 oz. of fine gold make 44 oz. of standard gold, and 12 oz. make 1 lb., and for the "journey weight" of 15 lb. of standard gold the Royal Mint delivered 701 sovereigns, what number of sovereigns were delivered in return for 367 oz. of fine gold.

			367 oz. fine?
1st Proportion.	Oz. fine	22 =	24 oz. standard.
2nd ,,	Oz.	12 =	1 lb.
3rd ,,	lb.	15 =	701 Sovereigns.
		22	701 Sovereigns.
		12	367
		264	257267
		15	24
		396,0)	617440,8 (1559 Sovereigns.
			2214
			2344
			3640
			768 remainder

The term of demand is here 367 oz. of fine gold, and the value of this quantity is required in sovereigns, the last term which therefore forms the last consequent, or term.

Or, dividing 12 and 22 by 12 and by 2 for 24, and dividing 24 by 24, we have on one side 11, 1, and 15, and on the other 367, 1, 1, and 701, and the statement of the calculation is expressed thus:—

$$\frac{701}{15} \times \frac{24}{12} \times \frac{367}{22} = \frac{701}{15} \times \frac{367}{11}$$

and is worked thus:—

$$\begin{array}{rrl} & & 701 \\ & & 367 \\ 165 \left\{ \begin{array}{r} 11 \\ 15 \end{array} \right. & \begin{array}{r}) \\ ) \end{array} & \begin{array}{r} 257267 \\ 23387 \quad 10 \end{array} \\ \hline & & 1559\tfrac{32}{165} \text{ Sovereigns.} \end{array}$$

CHAPTER XXVI.

EQUATION OF PAYMENTS,

OR AVERAGE TIMES OF PAYMENT.

An equated or average time of payment is a time at which the interest upon the whole of several sums of money is equal to the amount of the discounts upon the separate sums for the separate times they have to run. The rule for calculating average time, not being given in the body of this work, is offered here as likely to be of service in business.

Rule.—Multiply each payment by the number of years, months, or days which that payment has to run. Then say, by the Rule of Three—If the amount of all the payments require 1 year, etc., what will the amount of the products require? The answer to which statement will be the equated time required.

When particular days are specified, it is usual to reckon the time of each payment from the day on which the first payment becomes due; then the first payment will not require any multiplication, and the whole amount will be

reckoned due at the end of a number of days in the equated time, calculated from the day of the first payment.

Example 1.

On 2nd March £300 is due; on 18th March £350 is due; and on 17th April £550 is due. It is required to find an average time of payment for the whole sum.

From March 2 to March 18 is 16 days.
,, ,, to April 17 is 46 days.

£300				£		
350	×	16	=	5,600		
550	×	46	=	25,300		
		day				
As 1,200	:	1	: :	30,900	:	Ans.

Answer 26 days.
March 2

March 28 = Equated date of payment.

Example 2.

Find the equated time of paying the balance of the following account:—

Dr. Hubert Hall & Co. *Cr.*

1888			1888		
Jan. 11.	To Goods - -	$750	Feb. 10.	By Draft, 60 days - -	$500
Feb. 1.	To ,, 3 mos. -	600	Mar. 3.	By Cash - -	700
Mar. 15.	To ,, 6 ,, -	1500	April 15.	By ,, - -	300
May 3.	To ,, 4 ,, -	900			

Due.	Amt.		Days.	Product.
Jan. 11.	750	×	10	7,500
May. 1.	600	×	120	72,000
Sept. 15.	1,500	×	257	385,500
,, 3.	900	×	245	220,500
	3,750			685,500
	1,500			125,400
	2,250			) 560,100

Paid.	Amt.		Days.	Product.
April 14.	500	×	103	51,500
Mar. 3.	700	×	61	42,700
April 15.	300	×	104	31,200
	1500			125,400

$248\frac{42}{45}$ or 249 days.

Balance due 249 days from Jan. 1 = Sept. 7, 1888.

Assuming for convenience 1st January as the standard date, we find the term of credit for each debit amount, and reckoning from the same date, the time to each credit amount. Multiplying each amount by its time in days, and severally adding up the *Dr.* and *Cr.* products, we find the number of days' interest of $1 due to the *Dr.* and the number of days' interest of $1 he has already received. The difference, 560,100, shows the number of days' interest of $1 still due, and as the balance is $2,250, the time must be $\frac{1}{2250}$ths of 560,100 days, or 249 days. Hence the equated time is 249 days from 1st January, which will be 7th September, as above.

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